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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS



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## EAST EUROPE REPORT

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INTERNATIONAL AFFAIRS

HUNGARY'S PLACE IN INTERNATIONAL DIVISION OF LABOR DISCUSSED

Budapest KOZGAZDASAGI SZEMLE in Hungarian No 7-8, Aug 85 pp 769-781

[Article by Peter Veress, minister of foreign trade: "Our Place in the International Division of Labor"; based on the author's lecture at the 8 February 1985 committee meeting of the Hungarian Economic Society]

[Text] Someone or other has quoted a wittily flattering Frenchman who said about us: "This is a great little country." A dangerously haunting sentence.

So far as the lines of forces are concerned that determine the world economy and world politics, Hungary is a small factor statistically, measured without regard for changes over time. (In 1983, for example, our share of world export was 0.46 percent.)

The question arises differently when we examine our country's position in the light of the relations that keep interweaving the world. These relations are not global in their nature; rather they manifest themselves through the fusion of the interests of sovereign national states, and through their alliances and international organizations, respectively through their conflicting stand-points. Each country participates in these relations not only with its own strength, its position and weight in the "world," but also with its role that depends primarily on its affiliation and behavior.

A determining element of our position is geographic location. Our immediate economic interests are arranged in concentric circles, in such a way that the larger the radius, the weaker our interests. This warns us, for example, to examine thoroughly the radius of the circle within which Hungary's name carries weight, where we are treated as partners because of our proximity, where we are taken into consideration even though we alone are unable to solve the world's raw-material problems or determine the situation of the world capital market. This approach helps us recognize where the limits of our own possibilities lie, and within what circle our actions or omissions are being taken into account.

Which does not mean that we do not have a say, any business, a role and even influence also far beyond the mentioned circle. This, however, is not a consequence of our financial situation or geographic location, but of the role

that we assume in the system of economic and political relations that encompass the world.

A basic element of this role is that we are a socialist country, a member of a given system of alliances. As such--and only so long as we act in this capacity--our reform efforts, for the purpose of enabling the national economy to adjust to the changing conditions while preserving its socialist character, far exceed our own circle in their importance. This behavior places us in a field of force where we have to reckon with consequences that are measurable in financial terms as well. We, too, are an active factor in this field of force. And our influence in it depends not on how much machinery or raw materials we import, whether our export and import have increased or declined--in other words, not on the strength of the Hungarian market or the Hungarian economy as such--but on our conduct, our attitude to a system of relations.

We belong not only to political systems and alliances, but also to systems of interests on a different scale. A typical example is that the United States has been and is considering as disruptive the subsidies of unprecedented magnitude that the EEC and Brazil have been providing for their respective exports of poultry to the effective markets of the Near East. And since the subsidized competition of the EEC and Brazil has seriously affected also Hungarian poultry export to the Near East, the United States has contacted Hungary, too, as an interested party, to jointly seek a solution to this situation.

Our role in such matters--and they include also more important ones than the mentioned example--is greater than our economic strength. And we are able to assume a role because we have recognized that our position can be considered and utilized in several dimensions. This recognition follows also from our economic reform's system of objectives, essential elements of which are the openness of our economy, and our willingness and ability to adjust.

Regardless of how desirable it would be in principle to have several alternatives that outline the shaping of our economic relations, our ability to choose has strict limits and constraints:

--The level of our economy's development, including our strong import dependence stemming from our conditions;

--Our paucity of resources;

--The weaknesses of our macroeconomic management, and the fate of the economic reform begun in 1968; and

--The system of domestic political and economic objectives.

In addition, there are also less important external factors that are making themselves felt:

--Development of the international business cycle, and rearrangement of the world market's price ratios;

--The marginal world importance of our country's economic role;

--Behavior of the forces that manage (and manipulate) our most important capitalist markets; and

--The characteristics of our cooperation with CEMA countries.

The resolution of these limits and problems, and adjustment to them--identifying the methods and instruments suitable for this purpose--partially are already included in the concept of economic policy for the next five-year plan's period, and partially will be included in it (together with the designation of the programs intended to explore the directions of the possible solutions).

Obviously, all the problems cannot be solved immediately, and our progress can be imagined only as a series of gradual steps within a longer process. It is a difficult task to concentrate our strength at all times on resolving the truly biggest bottlenecks. In our economic literature and on the pages of our press, many people are seeking the right answers to the questions involved; they determine the priorities within the courses of action they believe necessary, and thereby aid the macroeconomic managing agencies in becoming acquainted with, and reconciling, the different opinions and standpoints. The purpose of this essay is not to outline absolute priorities from the viewpoint of foreign trade and a program for the solution of the problems, but to present our economy's present position in the international division of labor, and to take into consideration the factors that determine this position, respectively their foreseeable development and effect.

#### Structure, Geographic Breakdown of Our Foreign Trade

The composition of our foreign trade by commodity groups has long remained unchanged, and in the past ten years there have been only minor modifications in the commodity structure.

In our ruble-denominated export, machine-industry products account for 55 or 56 percent. Within this, parts account for 18 percent. Agriculture and the food industry supply 14 or 15 percent of our export; the chemical industry supplies 11 or 12 percent; and light industry, 10 percent.

In Hungary's ruble-denominated import, sources of energy account for about 32 percent; various basic materials, for 25 percent; and machinery and equipment, for 30 to 35 percent. Within our machinery import, parts amount to 23 percent.

In our nonruble-denominated foreign trade, the commodity structure presents a different picture. Farm and food-industry products constitute a major proportion of the export, 30 to 34 percent. Other branches supply the rest, as follows: the chemical industry, 18 or 19 percent; the machine industry, 17 or 18 percent; light industry, 10 to 12 percent; and metallurgy, 9 to 11 percent. Various basic materials constitute the bulk of nonruble-denominated import, with a share of 49 percent. Machine-industry products account for 20 to 25 percent of this import.

The commodity structure of trade with developing countries differs from the average. Machine-industry products account for about 40 percent of our export,



but their share has been showing a declining trend since 1980. Farm and food-industry products account for 50 to 55 percent of the import.

Examining the structure of commodity trade in its entirety, we come to the conclusion that the composition of our export to socialist and developing countries suggests an economically developed country, while the trade relations established with the developed capitalist countries indicate a country whose level of economic development is moderate.

When our commodity trade is examined by groups of countries, the following more important proportions and interrelations must be mentioned.

The socialist countries' share of our export is 50 to 52 percent (the CEMA countries' share is 46 percent); the developed capitalist countries' share, 34 percent; and the developing countries', 10.5 percent. The socialist countries supply 53 percent of our import (the CEMA countries, 51 percent); the developed capitalist countries, 39 percent; and the rest comes from developing countries.

There has been no change for years in how our most important trading partners rank. The Soviet Union, the German Democratic Republic, and Czechoslovakia are, respectively, first, second and third among the socialist countries; and the Federal Republic of Germany, Austria and Italy are the top three, in that order, among the developed capitalist countries. (If we examine the trade denominated in convertible currency, then Yugoslavia ranks third, between Austria and Italy.) It is worth mentioning that in 1983-1984 we had a very substantial surplus in our balance of trade with the United States. In 1984, our import dropped by about 30 percent in comparison with the preceding year, and our export rose by 27 percent. Last year, the United States ranked seventh in our export denominated in convertible currency.

Among the socialist countries, China deserves separate mention. After the decline during the difficult years, we increased the trade targets in the bilateral agreements by 86 percent two years ago, by more than 30 percent a year ago, and by 140 percent for 1985. The actual turnover followed these proportions in the past two years, and we may expect further growth in 1985. Thereby China has advanced to the lead of the center field among our trading partners.

The machine industry has played an important role in Hungary's export in recent decades, in terms of both the commodity structure and destinations. When examining the trade turnover of the machine industry and of the entire national economy, we come to the conclusion that the export opportunities determine the machine industry's output and development, and at the same time the performance and results of the machine industry significantly influence the total turnover. Considering the tasks confronting the national economy, we find that the machine industry's importance will increase in the coming period. For this very reason it is necessary to examine in somewhat greater detail the machine industry's situation and export opportunities. The machine industry belongs among the industries that sell a significant proportion of their output in foreign markets. In our case the proportions are 30 to 35 percent in ruble-denominated markets, and 10 to 15 percent in nonruble-denominated markets. Machine-industry enterprises produce 35 percent of the products that are exported.

Machine-industry export is especially important in ruble-denominated trade, and within this to the Soviet Union whose share of export is 53 to 56 percent. Between 1975 and 1984, our export of machinery to the Soviet Union increased 3.5-fold.

The study of machine-industry export denominated in convertible currency, in a breakdown by developed and developing countries, presents an interesting picture. In 1975, the shares of the two groups of countries in machine-industry export denominated in convertible currency were equal (about 40 percent.) A significant shift occurred in 1980, in favor of the developed countries: 51 percent of the machinery export went to these countries, and also the value of this export was significantly higher than to the developing countries. In 1984, the shares of the two groups of countries were again close to each other (42 and 44 percent).

The machine industry's development during the past decade can be characterized as follows:

The machine industry's output increased from 1975 to 1984 at an average annual growth rate of 7 percent. Export, whether calculated in forints or in foreign exchange, expanded to both principal destinations faster than the growth rate of output. Ruble-denominated export trebled from 1975 to 1984, while nonruble-denominated export about doubled.

The development of export denominated in convertible currency was not steady: the average rate of expansion in 1975-1982 was 10 to 12 percent; but in 1983 and 1984 expansion came to a standstill, followed by a significant decline. This decline can be attributed in part to the unfavorable development of conditions in foreign markets; and in part to domestic problems, primarily to the rigidity of the product structure and the products' mediocre technical level.

The circle of products that account for the bulk of the machine industry's export has not changed for years, and there are only major or minor shifts between product groups. Within the individual product groups, of course, the product mix undergoes modification, with changes in the products and their technical level.

The following product groups play an important role in the machine industry's export:

--Road motor vehicles account for the largest shares of machine-industry export to both principal destinations. At present their share is 31 percent in the machine industry's ruble-denominated export, and 15 percent in its nonruble-denominated export. (These shares in 1975 were respectively 17 and 5 percent.) The most important products are buses, chassis, and trucks.

--Agricultural machinery and equipment, not including tractors, steadily expanded their export to ruble-denominated markets during the past decade, but increases and declines alternated in their export to capitalist countries. The product group's share of machine-industry export has not changed significantly; it is about 5 percent in ruble-denominated export, and 4 percent in nonruble-denominated export.

--The export of machine tools to ruble-denominated markets is growing steadily; its share of machine-industry export at present is 2 percent. This product group's export denominated in convertible currency has been declining during the past five years.

--The export of computer technology products is expanding steadily to both principal destinations. Its share of our machine industry's ruble-denominated export has reached 4 percent; and of nonruble-denominated export, 2 percent.

--The share of medical instruments and equipment in machinery export to both principal destinations is around 2 percent. Within this product group, the export of turnkey installations and hospitals to CEMA and developing countries is increasing.

--The export of light sources differs from the preceding products groups in that it is the only export of large volume to capitalist countries, where its share is about 10 percent, but with insignificant export to ruble-denominated markets.

#### Economic Relations Within CEMA

Formerly we presented our political and ideological commitment as the sole motivation underlying our relations with CEMA countries.

Our geographic location determines our trade with CEMA countries, especially our import from them. Transportation-intensive raw materials and fuels are the dominant within Hungary's import. For Hungary, in the same way as for other continental countries, it is not economical to procure from distant countries raw and processed materials that are burdened by high overland transportation costs. Since we are not a maritime country, we cannot afford to import bulky materials from distant countries by water--the cheapest mode of transportation--the way England imported lumber and coal from China, for example. Our principal trading partners in the 1920's were countries belonging to the Little Entente of that time, because they were our neighbors. This is the decisive factor for all continental countries in choosing their trading partners! The share of neighboring countries is between 40 and 60 percent in the import, and even the entire trade turnover, of Austria, Switzerland or Czechoslovakia. In the case of maritime countries such as Italy or the Netherlands, for example, the neighboring countries' share is 20 to 30 percent. (Of course, examples of the exact opposite are likewise not difficult to find: the share of the United States in the foreign trade of Canada or Mexico exceeds 80 percent.)

The dependence on neighbors is obvious in the case of countries whose levels of economic development are more or less identical or similar, especially if the countries are landlocked. The economic and strategic importance of the reliability of mutual deliveries, which may assume outstanding importance in certain periods, further increases this dependence. The CEMA countries have been our eminently important partners for decades, and will remain such partners in the next decade as well.



At the CEMA summit held in Moscow in July 1984 (it has been an important milestone in assessing the international situation, analyzing the member nations' conditions and formulating their joint tasks) the Hungarian delegation started from the principle that better utilization of the advantages inherent in the socialist international division of labor plays an outstanding role in the solution of our economic problems. The faster unfolding of economic integration is in our interest, because it leads to the uncovering of additional resources, the acceleration of technical progress, and the production structure's modernization. At this meeting the member nations agreed on common standpoints in many areas, the most important of which are as follows:

--Closer coordination of the member nations' economic policies, and perfection of the coordination of their national economic plans;

--Improvement of their scientific and technical cooperation;

--Formulation of a strategy of economic development, and designation of the principal directions of the socialist international division of labor; and

--Perfection of CEMA's operating mechanism, and modernization of cooperation's system of instruments.

The meeting assigned an outstanding role to closer cooperation among the CEMA countries' machine industries. The use of energy- and material-efficient technologies and installations, and the expansion of cooperational relations were central issues in the discussions.

Important policy standpoints were adopted, and specific measures planned, regarding the reliable supply of the demand for energy and raw materials, the intensification of cooperation in manufacturing, improvement of the population's supply with food products and industrial consumer goods, and the development of transportation.

In accordance with our principles and earlier standpoints, we supported the efforts, approved by the meeting, to integrally link the planning instruments of cooperation with the more active application of commodity and money relations, and with the development of cooperation's system of economic instruments. We noted with satisfaction the consensus on the need to strengthen direct relations between enterprises. We are looking forward with great expectations to the development of electronics programs that are coordinated at the CEMA level. It is especially important for our country that there develop a system of pricing and cooperation that encourages the production and exchange of farm and food-industry products, and we have been able to initiate significant progress in this area as well.

We ourselves must recognize, and strive to let our partners recognize as well, that an attempt to solve our cooperation exclusively or primarily through the production and exchange of final products strongly curtails the output of machine-industry products, and of equipment that supports technological progress. This perpetuates the practice of strictly offsetting the quantities of products and the number of items; the national economies of the individual countries are obliged to make the many components of their final products and

thereby deprive themselves of the many advantages inherent in a sensible division of labor. Our production cooperation, and hence also our trade turnover stand much to lose because the proportion of trade in interchangeable parts and subassemblies is small. Yet the supply of parts and subassemblies, and not of final products, is the most dynamic part of the division of labor. The CEMA countries, and among them Hungary, will be able to participate more intensively and effectively than at present in the international division of labor only if a significant qualitative change occurs in this respect. Only such a change is able to accelerate the member nations' development, and to provide better chances for CEMA and our country to compete and cooperate with Western countries, including the European Economic Community.

#### Trade Relations Between the Developed Capitalist Countries and Hungary

Our trade deficit with the developed capitalist countries dropped to about 200 million dollars in 1984, from approximately 1.0 billion dollars a few years earlier. About half of the trade turnover is with EEC countries. They account for 18 percent of our total export. Our more favorable economic growth than in 1983, and the perceptibly slowing rates of inflation in the developed capitalist countries have been factors behind the accelerating expansion of our trade with them.

So far as relations between the EEC and Hungary are concerned, it should be emphasized that Hungary expects the EEC to provide solutions to three principal problems:

1. Elimination of the discriminatory quantitative import restrictions that affect our export unfavorably;
2. The guaranteeing of better access to EEC markets for our farm and food-industry products; and
3. A reduction of our relative tariff disadvantage.

The EEC and its individual member states pledged already in the 1973 General Agreement on Tariffs and Trade (GATT) to eliminate the discriminatory quantitative restrictions they were maintaining against Hungary. In spite of this legal obligation, in recent years the EEC has even increased the degree of its discrimination against us. The Common Market justifies the maintenance of discriminatory restrictions against us by claiming that Hungary is one of the countries where foreign trade is a state monopoly, and where the state directly intervenes in the economy and in shaping foreign trade, so that such economic categories as price, value and cost are meaningless and completely distorted as a result of direct intervention. Consequently, the EEC argues, Hungary is continuously able to ship products to EEC countries at extremely low prices, and this low-priced export could harm their domestic production. This is why discriminatory restrictions must be applied against import from socialist countries, including Hungary. This attitude of the EEC disregards or, for political considerations, simply does not want to take into consideration our reform of macroeconomic management, begun in 1968 and consistently perfected since then, as a result of which the Hungarian system of macroeconomic management and the Hungarian economy are operating also with real, market categories.

Up to now the EEC has wanted to conclude with Hungary an agreement that would recognize as legal the present illegal discriminatory measures, an agreement without any meaningful commercial and economic content.

Our relations with the other developed countries conform to the statutory regulations, but the possibility of changes in the trade regulations is a constant threat, in the case of the United States, for example.

#### Our Trade Relations With the Developing World

Regional and geographic concentration is characteristic of our trade turnover with developing countries (Iraq, Iran, Algeria; and Brazil in the case of import), and a few products of outstanding importance determine not only the significance of the provenances and destinations, but also the direction in which our entire trade turnover with the developing countries is evolving.

When forming the structure of trade with the developing countries, we will have to consider more closely in the future the possibility that the transportation costs added to the energy sources and raw materials obtainable from distant developing countries may be of such order of magnitude as to make importation uneconomical. At the same time, competition--which influences also the price level's development--in the international market for machinery is so strong that, according to the international practice which has evolved, exporting countries are able to maintain substantial sales of machinery to developing countries only if they are able to provide favorable intermediate- and long-term credits to finance these exports. In view of our limited ability to provide credit, we must formulate with great care and circumspection the conditions under which we provide credits.

In our trade with certain developing countries, so-called countertrade deals that do not involve actual transfers of foreign exchange are gaining more and more ground. Primarily the developing countries are pressing us to conclude and transact such deals, and they and the real economic situation are compelling us to enter into such arrangements. The temporary financial difficulties of our trading partners are the reason why the number of such deals has increased. Naturally, in the case of these countries, too, we must take care to ensure that our credits outstanding do not assume undesirable proportions, or that the bartered import is not transacted under conditions less favorable than those of separate import transactions.

It can be said in general of the developing countries' markets that the rules of free competition apply where there is effective demand, and our chances of success in such cases are not as good as those of our competitors. For a variety of reasons, Hungarian exporters often are forced out of such markets.

A frequently raised proposal is to penetrate the developing countries' markets, and to take advantage of their comparative advantages, by moving to them the industries that are both material-intensive and labor-intensive, but do not require highly skilled labor. Our experience to date indicates that this would require of our enterprises a willingness to assume risks greater than what they are used to, capital investments exceeding the enterprises' resources, and a degree of cooperational skills and flexibility that as yet is hardly characteristic of a large proportion of our exporters.



## Cooperational Relations

Hungarian enterprises concluded a large number of cooperation agreements with capitalist firms during the past 1.5 decades. Of the East-West cooperation agreements concluded in this period, nearly half were concluded by Hungarian enterprises. About 460 nonruble-denominated cooperation agreements are in effect at present. The number of new cooperations has declined in recent years: only 37 in 1984, as compared with 79 in 1980. Our most important cooperating partner is the Federal Republic of Germany, with 340 agreements. Other partners worthy of mention are Yugoslavia, Austria, France, and the United States.

The transfer of advanced technology, the expansion of export denominated in convertible currency, and more efficient energy consumption are primarily the reasons why Hungarian enterprises are interested in developing cooperational relations. Hungarian enterprises are able to gain numerous advantages from developing permanent production and trade relations. The most important among these advantages are as follows:

- Modernization of domestic production capacities, through the transfer of more advanced foreign equipment and technology;
- Improvement of the efficiency of production and its better organization; and
- The securing and expansion of market positions.

The products produced in cooperation with capitalist firms account for 8 percent of our nonruble-denominated export, and the products procured in this manner account for 5 percent of our import. In 1983, the enterprises sold at home about 60 percent of the industrial products produced through cooperation; they exported 30 percent to nonruble-denominated markets, and 10 percent to ruble-denominated destinations. (These proportions have remained essentially unchanged since 1980.)

The machine industry leads the other branches in establishing cooperational relations: 65 to 70 percent of the agreements that are in effect have been concluded by machine-industry enterprises. Light industry accounts for 17 percent; agriculture, for about 6 percent; and the chemical industry, for 5 or 6 percent.

Lately, for reasons that can be attributed both to foreign-market and domestic conditions, the willingness of our enterprises to initiate cooperational arrangements has diminished, and also the number of such agreements has declined. At the same time, certain factors are influencing unfavorably also the capitalist firms' interest in cooperation (for example, their inability to expand through cooperation their sales to socialist markets). In addition to the factors mentioned above, among the other factors that are hampering the further development of cooperation in the classical sense we should point out the following:

- The enterprises' and the national economy's readiness to innovate is unsatisfactory;

--Most of our enterprises are refraining from projects that involve substantial risk;

--Domestic internal cooperation is underdeveloped;

--The world economy's recession and its slow recovery have affected unfavorably the capitalist firms' interest;

--The intensifying embargo policy has further narrowed the possibilities of transferring high technology; and

--Enforcement of the requirement that cooperation must produce a net return of foreign exchange within a year has relegated to the background cooperations that take relatively longer to develop but are economical and advantageous in the long run.

In ruble-denominated economic relations, a sharp distinction cannot be made between cooperation agreements and production specialization agreements, and therefore we monitor jointly the approximately 630 agreements of these two types. In recent years, specialized products have accounted for 35 to 40 percent of our ruble-denominated export, and for about 20 percent of our import. More than 60 percent of the production specialization agreements that are in force regulate the production of machine-industry products or the division of their production. From 1981 to 1984, the export of specialized products increased 1.5-fold, faster than the growth rate of total export. Within this, the share of machinery rose sharply; it is 76 percent at present.

In 1983, the enterprises sold domestically 15 percent of the industrial products produced within the framework of socialist cooperation; they exported 77 percent to ruble-denominated markets, and 8 percent to nonruble-denominated markets. It is worth noting that the breakdown of sales changed considerably in comparison with 1981. That year 25 percent of such industrial products was sold domestically, 55 percent was exported to ruble-denominated markets, and 20 percent was export denominated in convertible currency.

The cooperation agreements concluded with CEMA countries are advantageous for the participants in many respects. The most important advantages are as follows: production capacity is better utilized; economies of scale can be achieved; stable markets are ensured; a more economical production structure can be developed; and there are wider opportunities for the substitution of import from capitalist countries. Together with the advantages, however, several obstacles or unfavorable phenomena also should be mentioned: continuous modernization is relegated to the background, in favor of capacity expansion; the quality of services does not develop suitably; the higher technological level can not always gain acceptance in the prices; the actual import requirements are estimated inaccurately; and there are delays in fulfilling the assumed obligations.

The development of cooperational relations cannot be termed satisfactory with either of the two principal areas of external economic relations. In addition to the traditional forms of cooperation, those more comprehensive cooperations

(joint enterprises, for example) may be truly successful that result in the actual intertwining of the enterprises.

#### Joint Enterprises Abroad, Foreign Interests in Hungary

At the beginning of 1985, we already had more than 120 incorporated businesses abroad. Nearly four-fifths of our interests abroad are operating in developed capitalist countries. They include 56 in EEC countries, nine in the United States, and one each in Canada and Japan.

In 1983, our businesses abroad transacted 32 billion forints' worth of export, and 6.7 billion forints' worth of import. Their activities are predominantly commercial.

The number of joint enterprises that were formed prior to 1 January 1985 and in which foreigners have an interest is 33. They include 20 production enterprises and 13 service enterprises.

The purpose of founding joint enterprises is to help accelerate the economy's growth by drawing in foreign operating capital, and to learn and transplant to our economy the technologies and industrial-engineering procedures that are customary in the partner enterprise's country. Joint enterprises enable us to expand our marketing network, and thereby to increase the volume of our sales abroad. Domestic joint enterprises are able to obtain various foreign-exchange benefits. Our joint enterprises operating abroad transmit market impulses on the basis of our common interests with those of our partner enterprises and, by eliminating middlemen, they enable us to attain more favorable prices.

#### How Rearrangement of World-Market Price Ratios Affects Our Terms of Trade

The prices of raw materials and energy sources have risen considerably during the past decade, while the price rise of manufactures has slowed down. Sources of energy and raw materials weight heavily in our import, primarily in our import from socialist countries. Therefore the higher world-market prices of raw materials and energy sources have made our import more expensive and thus have increased our domestic production costs, relatively worsening our ability to compete in foreign markets with manufacturers who are able to sell for less their products that incorporate smaller specific inputs of raw materials and energy. This effect has been intensified by the slowdown of the rise in the world-market prices of products that represent the so-called second technological level and account for the bulk of our manufacturing industry's export. Their rate of rise has fallen below the average rate.

The worsening of our terms of trade has been uneven in our trade denominated in convertible foreign exchange, because the proportion of energy sources within our import from such provenances is small. Our terms of trade have even improved more or less in some years (in 1976, 1979, 1980 and 1981, for example). This can be explained in part by the world market's price processes, and in part by the peculiarities of the commodity structure of trade. The changes that have occurred in the world market's price ratios in recent years are not favorable (due to the collapse of the prices of farm and food-industry products, for example). The export prices of light-industry products have fallen



because of declining effective demand, and due to the developing countries' increasing competition in the same commodity structure. The export prices of the so-called depressed industries (ferrous metallurgy, and a part of the chemical industry) are likewise low. As the world market's recovery proceeded, the price position of products with a high degree of fabrication--especially of the products that embody advanced technology--has improved, but our lag in research and development, and in the organization of production, is considerable especially in these areas. An essential factor is that in our export the products with a low degree of fabrication and the products of inferior quality are situated in the lower part of the attainable price range; the rates of their price rise are below average during recovery, and their price gap widens during recession. In our import the situation is the exact opposite, due to the preponderance of products of high quality.

In our ruble-denominated trade turnover, the 1973 oil price shock and the subsequent rise in the prices of raw materials caused an even worsening of our terms of trade, although this worsening was delayed due to the principle and practice of CEMA pricing. This worsening of our terms of trade has been intensified following the second oil price shock of 1979.

In the energy sector, the change in the five-year moving average of the capitalist prices, which is the base for deriving the socialist contractual prices, is higher even in 1985 than the rates of increases in the prices of other raw materials and finished products. In spite of the weak international price trend, in other words, the base period's movement is still unfavorable from our point of view, although to a diminishing extent.

Despite the substantial price losses in our ruble-denominated turnover, the price ratios in our trade with CEMA countries are still fairly favorable--due to the transportation costs, for example.

#### Problems, Possible Solutions

We must accept as valid the perception that in the coming years Hungary will find itself not in its old competitive situation in the world, but in a radically new one, with all its consequences. Today we must raise even the question of whether we will be able to maintain our satisfactory rating in the world, or will our relative lag widen. In retrospect from a distance of a decade, we are able to establish that we had been late to recognize that the changes which began in the early 1970's would not lead back to the earlier conditions. In the present situation there is grave danger that numerous products of our manufacturing industry may become uncompetitive simultaneously, and because of this we may not only lose markets, but also our price ratios may continue to worsen.

The unfavorable phenomena noticeable among the economic units' senior managers can only intensify our concern. We read recently in a study by Academician Pal Tetenyi how disquietingly low is the proportion of industry managers who speak a foreign language. In many places, posts requiring a high level of professional knowledge are filled by persons who lack higher education: 35 percent of the technical managers; 34 percent of the main department or department chiefs; 53 percent of the managers of factory sections and of production

departments in industry or agriculture; and 69 percent of the chief accountants and economic managers. Among the young chief executives of enterprises and institutions, 69 percent lack higher education, whereas only 35 percent of the elder generation of chief executives do not have diplomas.

With what capabilities and chances of success can a stratum of enterprise chief executives, structured in this manner, begin to elaborate and implement new concepts? Are they sufficiently receptive to the new? Is any reasonable system of regulation able to function properly? And yet this country possesses immense brainpower.

The following examples also confirm this: Hungarian pharmaceutical research has achieved significant results in recent years. The original preparations Cavinton, Jumex and Halidor are outstanding even by international standards. As we very well know, Cavinton is being used also in Japan, the United States and South America. Hungarian researchers successfully developed in recent years, with the methods of gene splicing, a strain of bacteria that produces proinsulin, necessary for the production of human insulin. This result has not yielded an economic return as yet; if a suitable technology is developed, however, it could become the basis of the production of human insulin in Hungary. In the near future, the Hungarian pharmaceutical industry will purchase from Hoechst a process for the purification of the insulin extracted from the pancreas of hogs. Eventually this process will fit well with the production of insulin by gene splicing. It should be mentioned that the Hungarian analytical methods for the determination of proinsulin are regarded as outstanding also internationally.

Hungarian researchers have developed a method for making many crops immune to viruses, by means of protoplast fusion. Valuable results have been obtained in wheat breeding: the Martonvasar and Szeged varieties are eminently suitable for the climatic conditions in Hungary and, with favorable characteristics of their kernels' content, have resulted in significantly higher yields.

Hungarian computer engineers have gained also international recognition with their software development. Even the advanced capitalist countries readily buy Hungarian software. An especially noteworthy result is the development of PROLOG, a logical programming language.

Hungarian research and development can boast of results that meet the international level also in the development of professional computers. Noteworthy are the Hungarian results in the development and production of alphanumeric displays.

With the development of flexible machining systems, the research and factory collectives have made a commendable contribution toward narrowing our technological lag.

The fact that Hungarian researchers and engineers developed and built most of the onboard electronics and the television system of the space probe launched to observe Halley's comet may be regarded as a feat of the highest technological level.

The fact, as reported by Gyorgy Marx, that a higher proportion of the secondary schools have access to computers in Hungary than in the United States may be significant from the viewpoint of our development beyond the immediate future.

Much will depend on how well the system of macroeconomic management, the system of decision-making, the regulatory, and industrial engineering or managerial work in general will complement each other; will they be able to function in unison and pull in the same direction. Our lag in directing and organizing production, and in asserting accountability, is much greater than in the area of knowledge. (In the latter it is perhaps not even significant.)

In recent years so far, Hungarian enterprises and experts have been successful subcontractors on turnkey investment projects that foreign firms organized and managed. Hungarian deliveries and "homework" for these projects have generally been satisfactory. But, regrettably, a proportion of the deals for which we acted as general contractors closed with a loss, and a few failed completely. These cases pose the following questions not only for our economic regulation, macroeconomic management and system of decision-making, but for our economic and sociological research as well: What is the cause of these failures? How can this situation be changed, and what must be done to change it?

In developing further our economic regulation and macroeconomic management, we must advance on the following main issues, bearing in mind the requirement that our balances of trade with both principal provenances and destinations must show a surplus.

Most essential is the definite, energetic and consistent further development of all parts of the system of macroeconomic management and system of regulation. A modern export structure is an instrument for accelerating economic growth. Modernization--already begun and to be continued under the 7th Five-Year Plan--of the systems of planning, income and pay regulation, banking and public finances, external economic regulation, prices and market supervision, and enterprise management and organization must "compel" the formation of such an export structure. The further development of economic regulation must help to strengthen and spread competition, because without a properly functioning price system and effective income regulation, for example, there cannot be any competition based on the laws of the market. Within this we must mention separately the reform of the system of enterprise incentives and system of enterprise organization. Profit must become the yardstick for measuring efficiency and productivity. Greater accountability must also go hand in hand with broader enterprise independence.

Reconciliation of the producers and foreign traders' interests can be ensured in part indirectly through the economic regulators, and in part by utilizing the possible forms of an organizational linkage between them. In the spirit of the "economic mechanism's reform" that began in 1968 and received a new boost in 1978-1980, the effects of the world market's processes must be transmitted to the domestic economy, and producers must develop the ability to adjust flexibly to them. To let the unfavorable effects of recent years ripple through, it has been necessary to split the resulting burdens between the state budget and the consumers. Accordingly, the maintenance of our international solvency has been given priority over an increase of investment and consumption. In agreement with our long-term interests, preference is being given increasingly to the development and adaptation of modern machinery, instruments and technologies.



Our trade with the socialist countries is characterized by the improvement of the commodity structure, the development of the price system, the strengthening of direct relations between enterprises, the tightening of supply discipline, the formation of a price system that will stimulate trade in farm and food-industry products, and in general by the protection of Hungarian commercial interests.

In trade with the advanced capitalist countries it is essential to recognize our place and rating, to map the interests of our partners, and to develop accordingly a product structure that can be converted flexibly. The expansion of cooperation with the developed industrial countries, which will aid the economy's technical and technological modernization, will play a key role in the improvement of efficiency and productivity.

How we are able to adjust to the structural division of labor between developed and developing countries will be decisive in perfecting our existing trade relations with developing countries. Simultaneously, the newly industrialized developing countries are becoming our increasingly serious competitors in the markets of the developed capitalist countries, and also increasingly significant potential markets for our products. We will concentrate on the countries whose solvency seems ensured also in the long run and which are interested in cooperating with us in production, marketing, and in working the markets of third countries.

Our external-economic and foreign-trade policies must become a purposeful and integral part of our foreign policy. We must not feel ashamed at any level because we have specific interests of our own that may coincide with, or differ from, the interests of others. Within government policy, this perception and conduct must be asserted uniformly and in a disciplined manner, as a necessary condition for the work of the government and public administration.

The world in which we are seeking our place we must take as it exists. Through persistent and circumspect work, and by recognizing the opportunities inherent in our position and role, we must find the strength that our own small size and level of development have denied us. This is the only possible course of our foreign-trade policy. Only a country that creates orderly conditions is able to avail itself of this possibility. Contrary to all rumors, the failures of our foreign "ventures" can be attributed to ourselves, and not to the conditions and unforeseen developments in the world market. Our opportunities are lost where we are unable to ensure elementary labor discipline, supply discipline, care in contracting, and organized implementation.

We must likewise realize that our worth to the surrounding world--what we are able to offer it, and for what it must rely on us--may decisively determine the future and prosperity of our nation and the world's assessment of us. We are able to ensure this worth as the combined result of our policies, economy, culture and relations. And of many other things as well. For example, to quote Bela Csikos-Nagy (in HETI VILAGGAZDASAG, No 5, 1985), "of Hungarian industry's again finding its place in the world economy's blood circulation."

1014

CSO: 2500/11

INTERNATIONAL AFFAIRS

**BLOC MULLS UNIFORM RULES FOR HEAVY, OVERSIZED LOAD SHIPPING**

**Warsaw MOTORYZACJA in Polish No 6, Jun 85 pp 140-142**

[Article by Chrystian Wojcik: "Transporting Heavy and Oversize Loads in the People's Democracy Countries"]

[Excerpts] At this time, in the CEMA countries, initial preparations are underway with the goal of a broadly defined agreement of the organizational structure and principles regarding transportation of heavy and oversize loads in individual countries. Undoubtedly, these efforts will be very useful but, at this stage, they must be seen as long-range, and immediate results may not be expected since every country has different rules and regulations, especially regarding the organizational structure. For these reasons, the first phase of the efforts will address and will consist of an exchange of information, as complete as possible, regarding this problem and especially regarding the organizational structure and procedures of transportation. To avoid accusations of unsubstantiated statements, the author will characterize very briefly the principles and the permit procedures for international transportation of oversize loads by truck and the organizations, enterprises and offices involved in the process in various countries.

In Bulgaria, special permits for that type of transportation are issued to the carrier by the Main Directorate of Motor Roads at the Ministry of Transportation which at the same time assigns an itinerary for the specific load considering its type, destination, axel pressure and dimensions. This permit is issued in coordination with the Central Directorate of Motor Transportation Control and the People's Militia Directorate of the Ministry of Internal Affairs. In order to safeguard foreign carriers' interests, special service companies were created which also specialize in providing commercial services to their own carriers, namely: the International Motor Transport Association, the Association for Mechanization of Construction, the "Hydrostoj" Association and the "Transetroj" Association. Additionally, the carrier, while transporting its load, is assured of receiving services by the "Bulgaravtosevis" Socialist Enterprise which operates within the Association of Motor Transportation framework.

Czechoslovakia is remarkable for the multiplicity of offices and agencies involved in organizing the passage of an oversize load because of that state's federal structure. In order to efficiently handle commercial obligations, the authorities entrusted dealing with all formalities in this area, to one agency, the Association of International Motor Carriers of Czechoslovakia (CESMAD) located in Prague. This agency reserved to itself the determination of time required for obtaining a permit which depends on the load characteristics. The actual permit to carry, corresponding to the Polish special permit, is issued by a state administrative field office, at the voivodship level, through whose territory the load will be carried. The Association of International Carriers, CESMAD, is responsible for performing the necessary additional actions during the passage and for accounting afterwards. On top of that, CSAD Enterprise (corresponding to Polish PKS) assigned its two field branches, one in Prague (for Bohemia) and one in Ostrava (for Slovakia and Moravia) to become specialists in problems like transportation of oversize loads and to provide all kinds of services in this area. Additionally, two branch offices of CSAD in Pilsno and Bern serve as direct back up to the two regional offices; these two offices are well equipped with means of transporting oversize loads.

The German Democratic Republic solved the problem in a slightly different manner by entrusting the whole transportation problem to the Veb Deutrans forwarding company located in Berlin. This company organizes all services related to international transportation of oversize loads, including the itinerary, fuel, overall control of the operation, police escort, etc. Of course, before that company starts the actual transportation process (issues the special permit to the carrier), it must coordinate with several responsible agencies. Generally, however, it can be said that the transportation formalities are greatly simplified in the GDR, especially because the same company takes care of other oversize load transportation, i.e. not only by trucks but also by other means.

Hungary, as did the GDR, assigned a completely separate company to handle transportation of oversize loads. It is Specialtransport, located in Budapest; it differs from Veb Deutrans, however, in that it specializes in motor transportation. The carrier may obtain all necessary information there, a pilot (guide), and, in effect, total organizational support for the passage. The Soviet Union, to assure transportation of oversize loads, set up a special association, Spectiazhavtotrans, under the Russian Federal Soviet Republic Ministry of Motor Transportation. Transportation of this type is done on the basis of bilateral agreements with foreign carriers which reflect load characteristics and the general commercial principles applicable to this type of activities in the USSR. These agreements also consider the principle of allocating permits to foreign carriers engaged in transportation of oversize loads.



While processing the application for special permit, the above mentioned company reviews all matters necessary to accomplish the passage, including unloading and transshipment, provision of pilot, overnight rests, supply of fuel etc. Despite all that, the association is not authorized to issue the permit, a company called Gosavtoinspektzys, in fact an administrative office, is authorized to do so and it stipulates at that time the rules which should be followed during the passage under the penalty of voiding the special permit if those rules are broken (e.g. the maximum speed must not exceed 50 kilometers per hour).

Independently of the institutions mentioned above, the overall supervision of transit matters is in the hands of an association specialized in servicing international traffic, Sovinteravtoservis, located in Moscow. The carrier should address that association in all matters under dispute but, in all matters of traffic safety, the traffic police should be approached, just as in other countries.

As can be seen from the above abbreviated and superficial description, transportation of oversize cargo is organized differently in individual CEMA countries (albeit, along the same pattern). Also similar, but not uniform, are the parameters determining which cargoes are oversize in the planned economy countries and the commercial rules regulating the transportation of those cargoes. Independently of the rules described above, true arbitrariness reigns, or rather a real variety prevails, in the documentation required for passage, especially regarding the multitude of forms. Naturally, those forms include certain common elements and standardizing that documentation would constitute an excellent start (relatively simple and inexpensive) of harmonization of all rules in this area.

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CSO: 2600/1066

**BULGARIA**

**FRANK, MEANINGFUL ACCOUNTABILITY-ELECTION MEETINGS URGED**

Sofia RABOTNICHESKO DELO in Bulgarian 2 Oct 85 p 1

[Editorial: "Exacting, Frank, Creative Discussion"]

[Text] Accountability and election meetings are beginning in the party. They will conclude with the 13th Congress, set for the first half of April 1986.

An important and responsible moment is approaching in the life of the party, of every communist, a time of complete, objective, and exact accounting about the fulfillment of resolutions of the 12th Congress, the National Party Conference, the February and March (1985) Plenums of the Central Committee of the Bulgarian Communist Party, about the assignments which came out of the report of Comrade Todor Zhivkov to the Politburo of the CC of the BCP about the style of working. The decisive significance of the problems that will be discussed now, and the tasks that will be resolved during the Ninth 5-Year-Plan, elevate the accountability-elections and conferences to the level of a central political event for the whole nation.

What characterizes the current accountability-election campaign; what must be kept in mind during the preparations for the meetings and conducting them? From the organizational point of view, the campaign encompasses all units of the party, from the group to the okrug organization. Seen in time, the spirit, aims, and tasks of the accountability-election meetings are determined by the programmatic resolutions of the high-level party forums and important political events which place their profound impression on the ideological-educational, organizational, and organizing activity of communists: the 12th Congress, the National Party Conference, the February and March Plenums of the CC of the BCP, the 40th anniversary of our socialist revolution and the 1,300th anniversary of the Bulgarian state, the 40th anniversary of the victory over Hitler's fascism, etc. In terms of content, the accountability-election meetings and conferences will be a collective, all-party council, at which people will attentively study the lessons of the last 5-year plan, will draw lessons from the successes and failures, and will make resolutions about further, more fruitful work. Every party organization, each communist will receive an exacting evaluation of work and contributions in the

years between the 12th and 13th Congresses, which mark the beginning of a qualitatively new stage in the development of our society. One of the basic objective laws in constructing mature socialism here is the scientific-technical revolution. Its realization is the main field of expression for revolutionary thought and action, based on the profound reorganization in the style of party activity and leadership, in all spheres of social life, the first point in the daily agenda.

In only a few months we will mark the 30th anniversary of the April Plenum. This is a cause for profound analysis and evaluation of how the party's general Leninist April strategy is being carried out, what the contributions of party organizations and communists were to this, how they have taken command and directed the objective processes and rules in the development of the party and society, of the party and labor collective, to what extent the results correspond to the resolutions and designs individually and generally, in words and deeds.

Of course every party group and organization has its own specific traits, its own problems and tasks which have to be discussed in order to make resolutions, but the center of the discussions should be general and all-encompassing. This means most of all the fulfillment of plans for socioeconomic development for the year and the 5-Year Plan, the resolutions of the 12th Congress. We now need an atmosphere, plus exactitude and mobilization, so that the meetings and conferences can conclude with tasks resolved, independent of any difficulties.

Communists are also expected to raise the level of meetings and conferences to the level of a mighty means for fuller mastery and application of the objective laws of the scientific-technical revolution and the requirements arising from them for party activity and leadership, for speeding up the reorganization of the style and methods of working everywhere and for everyone, especially the leadership cadres.

How are the theoretical formulations and approaches developed by Comrade Todor Zhivkov being adopted and applied? What has been done in the responsible requirements for constructing a material-technical base adequate for mature socialism; for the activity of objective economic laws and perfecting the relationship between the state as the owner and the worker's collective as the manager of socialist property; about the broad application of the principle of democratic centralism in all social spheres and activities under the new approach to planning, as well as in the organization of guiding scientific-technical progress; for raising the personal example and style of communists, etc.? What have we changed and do these changes correspond to current requirements and needs, to our capabilities? These are only part of the questions which need a clear, concrete, honest response.

It depends on communists to see that the accountability-election meetings reach a high ideological and organizational level, in the spirit of the requirements of Comrade Todor Zhivkov's report.

There, before all the Communists, and now backstage, we must argue and call things by their true names. There we have to say "No!" to phraseology, empty rhetoric, and showiness, to bureaucracy and formalism, to self-satisfaction and magnanimity, to compliments and praise, to indifference and inertia, to conservatism and stagnation, to every attempt to limit criticism within the framework of scenarios and time limits. Both in preparing the documents and in discussing them let us not forget that every communist has the right and the obligation to express his opinion. Only such meetings and conferences as these will be the active working organs of party organizations, will give strong impulses to reorganization in all directions.

The accountability-election meetings and conferences will become a pivotal moment in the reorganization of party activity and leadership. This will take place if the report and other documents set the tone for this, if communists contribute their active personal participation in the discussion of problems, if the okrug and communal party committees correctly lead and guide the campaign, if communists are supported in their aspiration to affirm the new approach and style.

There will be evaluation discussion on the fulfillment and attainment of positions of the new requirements, about how internal and leadership activity of the party organizations is being restructured, whether internal party democracy is being expanded, how forms of political, ideological, and organizational work are cooperating in the formation of new thinking, of new and stronger stimuli for actions to carry out sociopolitical and socioeconomic policies.

There will be revelation discussions of strong and weak sides of work, about measuring what was desired against what was attained, what was done and what was required, the discoveries and contributions of the individual and the collective, about the place and role of party groups and organizations in transforming party designs into reality, about raising the political consciousness and social activity of communists and all working people, about strengthening discipline and order, about overcoming such negative phenomena as corruption, misuse of social status, violation of party principles in the selection and assignment of cadres, etc.

There will be responsibility discussions about the attainment of new goals toward which the party is leading us: carrying out the scientific-technical revolution here, mastering a new style of thinking and acting, socialism blossoming in people and the nation.



The qualitative level and effectiveness of the accountability-meetings and conferences are directly dependent on other preconditions, correct and active resolutions, work with the directed critical notes, propositions, and assignments, organizing how work will be carried out, as well as the qualitative make-up and combat readiness of the party organization, the initiative of the communists. One of the decisive conditions is who will be chosen to lead us through the next accounting period. Indeed much depends on this to determine whether we will raise up to the leading party cadres communists with authority and undisputed business, political, and moral traits, who know and are able, capable of making evaluations, who respect and lead the people. The scientific-technical revolution posits new, very substantial requirements, insight into new, uncompromising, revolutionary thinking and activity, most of all the conviction of the party's correctness in resolutions and selflessness, consistency, and the ability to fulfill everything completely.

The party's accountability-election campaign is beginning. An exacting, frank and creative conversation is beginning; it applies to the entire party and to the nation and deals with the great problems and tasks of constructing mature socialism. The discussion is enriched by pride over the noted successes after the April Plenum and the 12th Congress and the historic responsibility in terms of the future of our socialist society. A strong, fruitful, and joyous time is beginning for creative work and meritorious deeds at the 13th Party Congress.

12334/12781  
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BULGARIA

MEASURES TO IMPROVE EFFICIENCY OF CONSTRUCTION INDUSTRY

New Approach to Construction

Sofia STROITEL in Bulgarian 24 Jul 85 pp 1, 7

[Text] Resolution of the Ministry's Collegium: Each construction organization, unit and brigade, and each design organization, institute and development base, each enterprise and shop in the construction industry and every manager, director, brigade leader, specialist and worker must make a specific contribution to the implementation of the engineering plan!

At its 15 July 1985 session, the Collegium of the Ministry of Construction and Territorial-Settlement Organization passed a special resolution on the creation of an organization for the implementation of Council of Ministers Decree No 39, dated 11 July 1985, on a qualitatively new development of the construction sector during the 9th Five-Year Plan.

The comprehensive engineering plan adopted with this decree contains a qualitatively new approach to the development of the construction sector, such as to guarantee the implementation of the social assignment of the national economy and the creation of a reserve of capacities for additional amounts of construction and the complete satisfaction of the requirements of the commodity fund with materials and goods and achieving high economic results in the sector.

A new approach, a new way of thinking and decisive action on all levels are necessary in order to implement the high objectives and responsible tasks included in the decree.

Hearing out the report submitted by Comrade Grigor Stoichkov on the basic trends in the implementation of the engineering plan and following the discussions and debates, the ministry's collegium, with the participation of the general directors of economic organizations, passed the following

Resolution:

1. By 30 July 1985, the work group headed by Comrade Simeon Peshov will complete the formulation of a program for the overall implementation of the engineering plan, clearly and specifically defining tasks, deadlines and



people in charge. The purpose of the measures stipulated in the program is to achieve the results aimed at in the engineering plan. The program must indicate a new approach and a new concept on this problem of importance to the sector.

By 15 August the deputy ministers must single out in the program for the implementation of the engineering plan the main key problems which must be resolved and which must yield results as early as 1986; the necessary coordination must be achieved with the interested ministries and departments and such work must be undertaken immediately. Short deadlines must be stipulated and new technical solutions applied in resolving the problems.

3. Work on resolving the global problem, which is retooling the sector with the help of efficient and highly productive mechanization facilities, to be undertaken immediately under the guidance of Comrade Ivan Sakarev and with the participation of Comrades Stanoy Yonev, Kostadin Karamitrev and Ivan Dimitrov. To this effect:

To determine, together with the Ministry of Machine Building and the Construction and Road Equipment Economic Combine, the type of equipment to be produced in 1986 and to assess the extent to which the needs of the construction industry are being satisfied;

By 30 July of this year, to establish, together with the Ministry of Foreign Trade and the State Committee for Planning, the type of construction mechanization and vehicle transportation to be contracted for in 1986.

4. By 15 August of this year, the deputy ministers must formulate the requirements of the sector toward other ministries for the duration of the five-year plan, including 1986. The lists will be sent to the respective ministries and the State Committee for Planning, with the request that they be included in the 1986 plan. The deputy ministers assigned by the respective ministries will hold specification meetings. Problems which cannot be resolved will be submitted on time to the Council of Ministers.

5. The stages and levels of creation and application of automated control systems and systems for the automation of construction designing and the use of computers and microprocessors and robots, under the guidance of Comrade Ivan Sakarev, before 30 August 1985. The help of application organizations in the USSR and other advanced countries to be sought for this purpose.

6. Based on the resolutions of the February BCP Central Committee Plenum, and under the leadership of Comrade Lyudmil Angelov, by 15 October 1985 a sectorial cadre retraining system be developed; qualification must become a continuing revolutionary process aimed at changing the knowledge, way of thinking and action.

7. By 30 July 1985 the managers of economic organizations and engineering-application organizations in the sector must formulate their own specific programs which will be the base for the counterplans and to coordinate their resources and deadlines with the sectorial program. The plans must be

considered and ratified by the economic councils and extensively explained to the labor collectives.

8. By 15 September 1985 the complex group headed by Comrades Stefan Staykov and Kostadin Karamitrev, must formulate a model for a settlement system of the fourth and fifth functional types for the development of a base for the production of binding solutions, structural elements, blueprints, mechanization and others, consistent with the traditions and needs of individual construction.

The implementation of the model must be undertaken as early as 1985, with a view to its application in the other settlement systems in 1986.

9. The party organizations at the ministry and the economic and engineering-application organizations are asked to concentrate on the problems of the engineering plan with proper concern and feeling of responsibility. Specific party assignments to be issued on individual important tasks. The Komsomol organizations to be included or an organized.

The implementation of the measures and programs must become the basic criterion in assessing the work of managers, specialists and workers.

10. On the basis of the engineering plan and the program for its implementation, the Central Committee of the Trade Union of Construction and Construction Industry Workers is asked to formulate its own measures and determine the role of each trade union organization in their implementation.

The socialist competition must be raised to a qualitatively new level with the adoption of specific obligations related to the engineering plan. The competition must be related to the tasks included in the resolution of the Council of Ministers and the Bulgarian Trade Unions Central Council on the development of the pregress socialist competition in honor of the 13th BCP Congress.

11. The newspapers STROITEL and TRUDOVO DELO, the periodicals STROITELSTVO and ARKHITEKTURA and the other information and propaganda units of the ministry must become actively involved in the implementation of the tasks of popularizing the engineering plan and the interpretation of its objectives and parameters.

The activities of such organs to be directed on the implementation of the tasks and measures stipulated in the programs of the ministry and the economic organizations. Positive experience in the organization of the work, the mobilization of the personnel and the clarification of the assignments must be extensively covered.

The entire activities of the sector must be based on the slogan "Each Construction Organization, Unit and Brigade, Each Design Organization, Institute and Development Base, Each Enterprise and Shop and Every Manager, Brigade Leader, Specialist and Worker Must Make a Specific Contribution to the Implementation of the Engineering Plan!"

Angelov on Engineering Plan

Sofia STROITEL in Bulgarian 24 Jul 85 pp 1, 7

[Article by Lyudmil Angelov, deputy minister of Construction and Territorial-Settlement Organization]

[Text] The basic stipulations of the comprehensive engineering project for the development of the construction sector during the 9th Five-Year Plan were adopted with Council of Ministers decree No 39, dated 11 July 1985.

The engineering plan is a specific program for action. It must be studied and known by all management cadres and specialists on all management levels. In turn, they must inform the labor collective of the things they must do. It is only thus that the tasks based on the engineering plan can become the project of entire collectives and that their implementation can be guaranteed.

The main objective of the construction sector in the 9th Five-Year Plan is to ensure the implementation of the construction program of the national economy while substantially improving the quality of the construction product, shortening construction time, steadily increasing labor productivity and reducing outlays of raw materials, materials and energy in the sector at the planning stage.

On this basis, the following basic technical and economic indicators must be guaranteed:

Increasing the capacity of the construction sector by about 28 percent in 1990, compared to 1985;

Reducing the volume of unfinished construction to the 80-83 percent level in 1990;

Reducing the average construction time for projects by 50-100 percent compared to the current situation;

Increasing labor productivity in the various types of construction and installation by an average of about 32 percent;

Broadening and updating the output of the construction industry by about 39 percent;

Drastically improving the quality of designs, construction materials and construction and installation work.

The means for the implementation of the main objective of the sector have been specifically formulated in the engineering plan.

The main feature in the implementation of the ideas and principles included in the engineering plan for the development of the construction sector during the 9th Five-Year Plan and through the year 2000, however, is the steady enhancement of the intellectual and professional standards of leading and

performing construction cadres, so that they may become a truly creative and directing factor in the implementation of new advanced construction technologies, new construction systems and new construction equipment.

At the present stage in the development of the sector, the level of technical and technological development of construction output is outstripping the level of oral and specialized training of cadres.

This increasing contradiction is being manifested ever more strongly as a hindrance in the accelerated development of technical progress and leading experience in construction and in drastically upgrading the quality of construction output.

In order to accelerate the application of scientific and technical progress and to perfect the socialist organization of labor, cadres, with their skills and training, are one of the basic factors in the intensive development of construction output. They not only generate scientific and technical ideas but implement them in new construction systems, new technologies, new construction equipment and new organization of labor and management. In the report and the opening and concluding words by Comrade Todor Zhivkov at the February 1985 BCP Central Committee Plenum, the new requirements facing cadres, their training and skills, their way of thinking, behavior, and attitude toward and responsibility for the problems which we must resolve now, during the 9th Five-Year and through the year 2000, were clearly formulated and precisely addressed.

A study indicates that currently 27 percent of the workers within the ministry's system have a low level of qualification; 47 percent have an average and 26 percent a high level of qualification.

The educational structure indicates that 66 percent of all workers have primary or lesser school training.

Obviously, such a skill and education structure cannot satisfy us. At the present time it is an objective hindrance to the accelerated application of scientific and technical accomplishments and the intensification and intellectualization of construction output.

This requires a new approach and new solutions and methods of cadre training.

The adopted concept of the fast utilization of scientific and technical accomplishments and the conversion of construction sites into assembly areas give birth to the new requirements concerning the skills of engineering and technical specialists and cadres in studies and design work, such as:

Use of new architectural-operational and constructive-technological solutions to the existing nonscaffolding panel-assembling construction systems;

Creation and application of new solutions in scaffolding industrialized construction systems;



Application of advanced installation subsystems for buildings, with a mass application;

Elaboration and application of industrialized construction systems involving metal and combined structures in public construction;

Utilization of a system for the automated drafting of cost documentations;

Use of adapted foreign production programs;

Perfecting and intensifying designing through the use of computers;

Development and territorial location of production facilities.

Specialists and performing cadres in the construction materials industries must meet requirements stemming from the application of the following:

New vanguard of technologies;

Automated control systems;

Use of automation and robots in production;

Use of personal computers in production and management in the construction materials industry;

Broadening the raw material base and utilizing industrial waste in the production of construction materials;

Engineering solutions for the effective utilization of power and raw material resources;

Metrological support of the production process.

The enhancement of the skills of economic cadres will be determined by the following:

Improving the organization and economic management of activities in the sector;

The specific stipulations of the economic mechanism;

The creation of a norming base for settling relations among units, plants and enterprises operating on the basis of internal and brigade cost accounting;

Mechanization and automation of management processes.

What must be done to improve cadre training and skills?

At the national conference of general directors of economic organizations in the construction sector, which was held on 4 January 1985, Comrade Grigor

Stroichkov called for the formulation of a sectorial essentially new system for cadre training and qualification.

The main purpose of the system must be the formulation of new criteria and requirements which would stimulate the desire for higher skills and create comprehensive conditions for ensuring the sector with a properly balanced, staffed and highly skilled labor potential.

The system must make activities related to cadre training and skills a continuing process for changes in technical knowledge, way of thinking, awareness and actions, consistent with the level of the scientific and technical revolution. It must offer the possibility of most extensive involvement of all cadre categories in purposeful and highly efficient training and the practical study and interpretation of the resolutions included in the engineering plan for the 9th Five-Year Plan, with a view to ensuring their full implementation in designing, construction and the construction materials industry.

The main purpose of the system is based on the following subtargets:

Meeting the needs of the sector for young specialists with higher and secondary specialized training and skilled workers;

Upgrading and maintaining the skill standards of cadres in accordance with the requirements of engineering solutions and the program for improving construction quality;

Ensuring the faster development of skills, based on the strategy of the scientific and technical policy in the sector;

Creating conditions for upgrading the educational standards of the workers.

The practical implementation of the main objective and the subtargets of the system require the accelerated solution of a number of important problems. Particularly important among them are the following:

Cadre training;

Making quality changes in the list of training professions, specialties and specializations;

Improving job and qualification characteristics;

Updating the structure of curriculums and their scope;

Improving the maintenance, organization and methods of training and upbringing of all cadre categories;

Improving the training material and technical base through the use of electronics and computers in the training process;

Retraining and upgrading cadre skills;

Formulating and approving forecasts, programs and plans for upgrading skills, thus guaranteeing the retraining of all workers, specialists and managers;

Formulating specific criteria relative to the need to upgrade skills and concretizing the planning of such projects;

Conducting studies on the efficiency of upgrading skills and assessing the implementation of its objectives;

Improving cooperation and coordination with the Ministry of Public Education, the Committee on Labor and Social Affairs, the Institute of Social Management, the Academy of Social Sciences and Social Management, and the higher educational institutions and training units for upgrading skills, operated by other sectorial systems.

The system must be open, thus making possible its steady improvement through refining and concretizing individual activities, creative interpretation of concepts, inclusion of new problems and others, based on the dynamic development of the sector.

The system covers the following:

Training cadres in all categories, specialties and specializations in terms of educational level and purpose;

Retraining and upgrading cadre skills in all levels of management, education and specialization;

Enhancing the educational standards of performing cadres.

The system must be structured on the administration and functional levels. It must include management and training units with clearly stipulated functions and tasks; its development must be based on the dynamic principle which enables us to regroup relatively rapidly units, activities and cadres with a view to meeting specific requirements. Its territorial deployment must be optimal; it must have a good reciprocal interchangeability, and possibility for additions and flexibility.

Training aimed at upgrading cadre skills must take place in the training units within the system, in national training centers and in the training units of other ministries and departments. The units within the ministry's system includes vocational-training centers, secondary vocational-technical schools, technicums and the Center for the Advancement of Construction Cadres in Plovdiv.

It would be proper for the management of the system to be organized on two levels: that of the ministry and of the economic organization.

As we may see, today enhancing the level of training and upgrading cadre skills is a key problem in the implementation of the engineering plan and the successful implementation of the main objective of the construction sector.

Sofia STROITEL in Bulgarian 30 Jul 85 pp 1, 4

[Text] 1. The main purpose of the construction sector in the 9th Five-Year Plan is to ensure the implementation of the construction program of the national economy while substantially improving the quality of the construction product, reducing construction time, steadily enhancing labor productivity and reducing outlays of raw materials, materials and energy in the sector. The implementation of the main objective must be such as to ensure that the following more important technical and economic indicators and results are obtained:

- a) Increasing the capacity of the construction sector by about 20 percent by 1990, compared to 1985;
- b) Lowering the amount of unfinished construction to the 80-83 percent level by 1990;
- c) Reducing the average construction time by a factor of about 1.5-2.0 compared to the present;
- d) Increasing labor productivity in the various types of construction and installation work by an average of about 32 percent;
- e) Expanding and updating the construction industry output by about 39 percent;
- f) Drastically improving the quality of designs, construction materials and construction and installation work.

These are minimal indicators and results.

#### Development of Construction Output and Conversion of the Construction Into an Assembly Site

2. The task of construction output in the 9th Five-Year Plan is the implementation of the national construction program with a high quality of construction and installation work and high production efficiency with the help of purposeful changes in construction methods, updating the production and technical base and converting construction output into a highly industrialized process consistent with the requirements of scientific and technical progress.

3. Standardized and integrated technologies in the following areas must be extensively developed and utilized: erection of large-panel buildings; buildings and installations erected on the basis of the monolithic method with the help of modern scaffolding equipment; industrial completion of individual and cooperative housing construction; one-story industrial buildings for small- and medium-sized enterprises; engineering installations, and others.



4. Standardized and integrated technologies to be created on the basis of basic technological modules for the implementation of construction processes, such as to ensure the highest possible level of mechanization and automation of processes and possibilities of their extensive application in different construction systems. Use standardized technologies for converting to the industrialization of processes in the completion of buildings and installations and assembling palletized and containerized elements, parts and items, based on planned standardization, typification and catalogue use of systems and subsystems in housing, cultural and industrial construction. The standardized and integrated technologies must be such as to ensure the high quality of completed projects and provide rich possibilities of architectural variety. The possibility must be sought of integrating basic technological modules in the various types of construction.

5. Housing construction must be developed essentially on the basis of the two industrialized systems: large-panel and large-area scaffolding (EK), which must be significantly improved. By 1990 the large-panel system must account for 57 percent, the EK system for about 34 percent, the packet-raised slabs by 5.0 percent and the other systems, by 4.0 percent of the total.

6. Architectural solutions in housing construction must be concentrated on the development of new types of buildings with improved organization of the comprehensive housing environment and improving the architectural and artistic appearance of buildings and complexes. The prefabrication of elements must be increased and labor outlays at construction sites reduced, such as to average 5 man/hours per square meter. And the quality of reinforced concrete elements must be improved by increasing the precision of geometric dimensions, the smoothness of surfaces, improved heat insulation qualities, and others.

7. In public construction, the use of industrialized systems must be increased by about 100 percent, reaching the 85-90 percent level by 1990. In this case the systems of assembled reinforced concrete elements and metal structures must play a leading role.

8. In industrial construction, the share of systems with metal and mixed structures must more than double; the reinforced concrete assembled structures must be significantly lightened. The share of block assembling must reach about 90 percent in assembling machines and equipment.

9. The current construction systems and methods in agricultural construction must be changed entirely; traditional and ineffective structures must be replaced by new lightweight industrialized systems (essentially combinations of reinforced concrete, metal and other new and efficient materials).

10. A conversion to the extensive use of standardized subsystems for walls and installation and completing elements must take place during the 9th Five-Year Plan. Lighter panel subsystems for structural and partitional walls, light front elements made of tin, sandwich-panels with polyurethane lining, plastic glass and glass shapes, gas concrete, gypsum cardboard, and a wide range of lightweight concrete and others must be applied.

11. The use of lighter-weight modules for interiors to be ensured. Modules to be extensively used in built-in premises in industrial shops (offices, residential premises, command areas, dispatcher centers, instrument shops, etc.)

By the end of the five-year plan hygiene units in housing, cultural and industrial buildings to consist mainly of installed factory prefabricated booths or kits.

12. A new construction system for rectangular reservoirs to be applied in hydroengineering and water supply construction, thus reducing the use of materials by about 30 percent and labor by about 20 percent, and roughly doubling construction speed.

New waterproof screens and diaphragms made of polymer foil and asphalt concrete, new types of armor made of assembled asphalt polymer concrete, and others to be applied in the building of earthen dams. A technology for the use of rolled concrete to be applied in the building of concrete dams. A new technology of drilling the complete shape with countersinking to be used in the building of hydroengineering tunnels.

13. Advanced designs and optimal solutions to be used in road construction, taking into consideration specific climatic and hydrogeological conditions, thus increasing the durability of the roadbed by about 15-20 percent.

14. In mining construction, a new technology to be used in underground communications equipment without any disturbance of the surface. Large-area scaffolding to be used for concrete lining and technologies in drilling deep shafts and others to be perfected.

15. The building of a pre-assembly area and the comprehensive use of block assembling to become the basic qualitative change in large construction areas. Conditions similar to those in industry to be created at the pre-assembly area, thus drastically enhancing labor productivity. The combination of the main types of work to be such as to ensure a reduction in the standardized time for building some industrial projects between 20 and 38 percent. The use of preassembly areas will require changes in blueprints in accordance with the requirements of block assembling and in the conditions governing the contracting for and procurement of equipment; quality must be improved and the variety of a number of materials and items must be increased.

16. The types of work performed at the construction site itself must be industrialized with the use of modern standardized technologies, such as advanced methods of performing earth removal work, efficient large-scale volume scaffolding, perfecting technology and means of delivery, laying and packing concrete, using new technologies for building foundations and new types of flooring, and using industrialized methods for the installation of all types of systems, and others.

## Construction Mechanization and Equipment

17. The engineering solutions applied in the mechanization of construction processes must ensure drastic improvements in the mechanization of construction in accordance with global trends and achievements. The level of comprehensive mechanization of construction and installation work must be enhanced and standard sets consisting of highly efficient mechanized and automated tools and appliances used extensively. By 1990 the comprehensive mechanization of construction and installation work must reach the 85 percent level.

18. The Ministry of Machine Building must ensure for each individual year the necessary quantity and variety of construction and road mechanization facilities, machines and equipment as well as spare parts and comprehensive deliveries by plants to the construction industry, either locally produced or imported from socialist countries, in accordance with the program for meeting the needs of the construction industry for construction mechanization and developing the production of construction and road equipment in the country and subsequently, which is an intrinsic part of the comprehensive engineering plan for the construction sector.

The Ministry of Construction and Territorial-Settlement Organization must ensure the procurement of machines and equipment imported from nonsocialist countries, using allocated foreign exchange earned from designing and construction conducted abroad.

The aggregate-assembly method must be used in basic repairs of construction machinery and modern means and facilities for technical diagnosis must be applied. The production of a high percentage of rebuilt spare parts for construction machinery must be mastered.

## Development of the Industrial Base of Construction

20. The development of the production base of construction must take place with a few to upgrading the prefabrication of elements, items, assemblies and parts, so that conditions may be developed for turning construction sites into assembling areas. Further, the construction industry must be supplied with high-quality goods; its efficiency must be enhanced and outlays of labor, energy and materials must be reduced.

21. The engineering solutions must stipulate the reconstruction and updating of molding facilities at house-building enterprises; old equipment must be replaced by new, more flexible and efficient equipment. New varieties and systems must be mastered under industrial conditions, significantly improving the architectural appearance of housing and public buildings. Processes in production shops must be extensively automated. Steamless technologies, involving the use of chemical supplements and fast-hardening cements must be used.

22. The technological standard of the production process in construction industry plants must be changed drastically. Technological lines with high-level production automation of lining and rooting elements, high-pressure

pipes with a steel core, radiant pressed pipes, and others must be applied. Steamless technologies must be applied extensively, reducing steam outlays by 250 kilograms per cubic meter. The production of new and efficient partition elements with a high degree of prefabrication, gas-concrete wall elements and other modular elements be organized, and delivered to the site ready for use.

23. The production of metal structures must be developed significantly. The production of new and improvement of construction systems for metal structures must be mastered. Specialized shops must be built with highly productive mechanized and automated assembly lines with modern metal cutting technologies. Automated technologies for welding and assembling structures and for anticorrosion linings must be applied. Specialized shops must be built with highly productive lines for the production of complementing elements, such as steel frames, extruded items, elements for hanging roofs, etc.

24. The level of automation in the production of concrete mixes must reach 75 percent; of asphalt mixes, 75 percent; of various types of solutions, 50 percent; of reinforced items, 30 percent; of prestressed reinforced concrete elements, 25 percent, and others, as a result of the modernization and reconstruction of production capacities.

25. Major improvement must be made in the technologies for the preparation of internal installations in buildings, with possibilities for the production of consolidated assemblies with a high level of prefabrication, to be assembled on a mechanized basis at the construction sites. Extensive use must be made of sets, containers and packets of materials and goods needed for finishing operations at construction projects. To this effect, bases for completing and pre-assembly areas must be developed, where the materials, assemblies and installations must be put together and for assembling blocks of bigger dimensions and weight.

26. A modern base of small and medium-sized enterprises must be developed. The production of construction materials, such as bricks, ceramics and others, must be developed on the level of the settlement systems; stores which will sell to the citizens entire sets of materials, elements, installation kits and other items for individual and cooperative housing construction done by the citizens themselves must be opened. The "do it yourself" system must be developed further.

#### Development of the Construction Materials Industry

27. In the 9th Five-Year Plan, the task of the construction materials industry will be to broaden the variety of output and update the nomenclature of construction materials, to master the production of new and essentially new materials and goods and to apply new advanced technologies for the production of materials, goods, assemblies, parts and semifinished goods which will fully satisfy the needs of the construction industry in terms of variety and quality, as well as the needs of the commodity stock and exports. The implementation of this assignment must ensure the reaching of the following more important technical and economic indicators and results:



- a) Upgrading labor productivity by 41 percent in 1990 compared to 1985;
- b) Updating the output by 39 percent in the 1986-1990 period, compared with the 1985 variety of output;
- c) Reducing material-intensiveness in industrial output by an annual average of 1.2-1.4 percent.

28. In accordance with the needs of the construction industry new technological lines must be developed for the production of bricks, tiles, floor and facing tiles, stoneware and acid-proof materials, and materials for heat-, sound- and waterproofing; the production of quarry materials must be increased; new capacities must be developed for the production of cement as well as new modern technologies; the reconstruction of part of the existing capacities must be completed for converting from wet to semiwet production methods.

29. Capacities must be developed for the production of new and essentially new construction materials and items, such as fast-hardening and superfast-hardening Portland cement, high-stress sulfate-proof cement, energized ash cement, ceramic blocks with increased hollow areas (over 45 percent), lining bricks of different sizes, story-high ceramic panels, colored concrete tiles, shaped mineral cotton items, mineral cotton tiles with spatial orientation of the fibers, gas concrete, extruded asbestos cement and [tsipalovi] panels, gypsum cardboard, dry concrete mixes, dyes, glazes, bitumin glues with polymer additives, flooring with high-level heat and sound insulation qualities, and others.

30. Production capacities must be updated on the basis of advanced technologies in which the degree of production automation must increase from 30.9 percent in 1985 to 51.5 percent in 1990. Microprocessor equipment must be applied for controlling technological processes, and robots must be used in the production of construction ceramics.

#### Improving the Organization and Management of Construction

31. Along with the further development of the existing organizational structures, qualitatively new flexible forms of association of economic organizations participating in and responsible for the implementation of the construction program must be introduced. Studies of possible forms of association based on the specific features of the investment process and its improvement, have determined as most expedient the creation of economic associations for construction output, construction materials and designing.

32. The production structure of the basic production units--technological teams, comprehensive brigades, specialized flows, and others--must come close to the optimum; they must be based on the organizational-technological plan in accordance with standard requirements and the specific nature of the projects. Brigade cost accounting and brigade piece-rate work must be applied in full, and be entirely consistent with the stipulations of the economic mechanism. The application of the brigade organization and cost accounting in the units

of specialized construction organizations must be consistent with the specifics of their activities and their work traditions.

33. The managerial activities of the ministry must involve optimizing and other contemporary methods and models for making structural analyses and forecasts, drafting programs and long-term and current plans for the development of construction on the basis of the extensive application of the achievements of scientific and technical progress. Automated control systems for the economic organizations and enterprises in the sector must be developed, contributing to the comprehensive optimizing of quarterly, annual and long-term plans. Control automation must be related to the automation of design and of technological processes.

34. The perfection of construction management must be based on the extensive utilization of computers, including personal computers and contemporary economic-mathematical methods and models. A uniform automated construction control system must be developed for this purpose.

35. The retooling of the construction sector with the help of new and modern equipment, new advanced technologies and new materials will require a new standard of training and skill of management and performing cadres. This must be achieved through the following:

- a) Advanced training of newly hired workers in the areas of technology, machines and mechanized tools which they will use in their field;
- b) Retraining of already employed workers in the new technologies, new equipment and new organization of labor in their fields;
- c) Retraining of engineering and technical cadres in the new approaches in the performing and managing of construction with the help of contemporary technical facilities.

#### Development of Study and Design Activities

36. The task of studies and design in the 9th Five-Year Plan will be a decisive improvement of designs and, through them, ensuring the high quality and efficiency of the final investment product and of the methods and technologies used in construction, as well as achieving substantial improvements in the organization and management of study and design activities.

37. The implementation of this task must be such as to ensure the reaching of the following more important technical and economic indicators and results.

- a) Reducing material-intensiveness in construction output by an average of 0.8-1.2 percent annually;
- b) Automating architectural-construction design by about 25 percent by the year 1990 (in some types of construction the level of automation must reach 60-70 percent) based on the overall volume of study and design work.

38. The design must become the base for the high quality and efficiency of the final product and ensure the application of advanced technologies in all areas of design work. Designs must be such as to result in a drastic reduction of material, labor and energy outlays and of manual, physically hard and unattractive work, and increasing the share of active assets through the use of machines and equipment for opening assembling and operation; they must make the high consumer qualities of buildings and installations. At the same time, the designs must be consistent with the level of material and technical facilities in construction and contribute to the conversion of the construction site into an assembly site.

39. The quality of standardized developments must be improved and the structure and content of standard designs must be perfected. Standard designs and catalogues for new construction systems and elements must developed. The designs must call for the extensive use of metal structures, modules, block assemblies, subsystems for face and panel walls, new items, and others. Stricter requirements must be formulated concerning the architectural-aesthetic qualities of the individual elements. In the area of mass housing construction, standardization developments must reach 90-95 percent for projects built on the basis of large-panel construction systems, and 95 percent in the area of industrial transportation, communications, agriculture and other types of construction.

40. The functional and aesthetic qualities of industrial buildings and complexes must be improved. The built-up area of buildings to be reduced per unit capacity by about 3-4 percent by the year 1990 and in terms of construction volume, by about 5-6 percent by 1990.

41. Modern technical solutions must be used in designs of various installations (transportation, communications, water supply, sewer, etc.) in order to achieve high operational and construction-production qualities.

42. The functional and architectural quality of housing, house buildings and comprehensive housing environment must be upgraded; the expanded built-up area per operational unit in the buildings must be reduced by 6.7 percent by 1990 compared with the area characteristics of buildings in 1985.

#### Necessary Capital Investments for the Implementation of the Engineering Plan in the Construction Sector

43. The engineering plan for the retooling of the construction sector, ensuring the necessary materials in terms of variety and quality and the application of new technological solutions and others, which will guarantee the qualitative new development of the sector calls for capital investments of about 2.5 billion leva. The thus-estimated funds for the development of the sector will be channeled into the following:

a) Reconstruction, modernization and development of new capacities for the production of construction materials, about 32 percent;

- b) The reconstruction, modernization and introduction of new technologies in the plans for the production of reinforced concrete and metal structures, about 18 percent;
- c) Updating of the machine fleet, organization of its repair and maintenance and procurement of mechanized tools, about 33 percent;
- d) Building of assembly bases, modernization and reconstruction of existing capacities for the production of concrete, lime and other solutions and the procurement of installation assemblies and elements, about 9 percent;
- e) Automation of design, development of its material and technical base, experimental facilities for scientific services, social facilities for the collectives and modernization of training centers, about 8 percent.

#### Application of Scientific Achievements

Sofia STROITEL in Bulgarian 30 Jul 85 pp 1, 2

[Article by Iliya Ignatov]

[Text] At the beginning of the year, the economic and trade union councils at the Assemblies DSO [State Economic Trust] called upon the collectives of their subunits to join the socialist competition for the implementation of the tasks for the first half of the year 6 days ahead of schedule and the five-year plan by 9 September, and to complete in a model fashion their preparations for rhythmical work in the first year of the 9th Five-Year Plan.

This is the last year of the 8th Five-Year Plan. The tasks of the Assemblies DSO are numerous and difficult. With the help of the party organization and the trade union committee, the trust's management spent a long time improving its work and mobilizing the efforts of the labor collectives for the use of modern assembly methods, working on two or three shifts and, wherever proper conditions existed, in rotating shifts. The days preceding the 13th BCP Congress have been proclaimed a period of shock highly productive toil. Starting with the first months of the year the weekly and monthly schedules and semiannual tasks are being implemented properly and ahead of time.

A conversation with Engineer Konstantin Gruncharov, first deputy general director, Khristo Tsenov, honored construction worker and deputy general director, and Zhivko Mindov, secretary of the trust's party organization, revealed that the recently published decree No 39 of the Council of Ministers on a qualitatively new development in the construction sector in the 9th Five-Year Plan found the labor collective at the Assemblies DSO in a process of intensified searches and application of new highly progressive work methods, updating labor organization and perfecting existing experience.

In accordance with the instructions issued by the trust's management, headed by General Director Engineer Kamen Kamenov, Hero of Socialist Labor, the scientific personnel of the KNIPIEM of the trust, headed by Director Engineer Emil Gazdov, the personnel of the NPK [Scientific Production Combine] for KZR, whose general director is Candidate of Technical Sciences Engineer Marin



Beloiev, laureate of the Dmitrov Prize, and from the BRV [Development and Application Bureau], whose director is Engineer Vladimir Khlebarov, it took more than 1 year of work to program the most essential and efficient features and significantly to update the style and method of current and future assembly activities. The decree is a timely manifestation of the new and higher stage in the development of assembly activities, and the bold practical application of scientific achievements. The engineering plan of the trust is entirely consistent with the new stricter requirements. The entire collective of specialists and assembly workers accepted with great interest and clear gratitude this plan for creative application and implementation.

The engineering plan of the trust was discussed by the management. Furthermore, respective documents on this matter were considered at the party and trade union meetings. The trust's management earmarked the necessary measures and tasks related to the engineering program to be implemented as soon as possible, within a reduced time and for the basic preparations to be completed by the end of the year. Starting with the beginning of 1986, substantial changes will be made and the style and methods of organization and performance of assembly work will be considerably renovated. The engineering plan of the trust, as an inseparable part of the engineering plan of the ministry, calls for a number of substantial measures which, systematically and by the end of the 9th Five-Year Plan, should yield the following results:

The volume of assembly work to be increased by yet another 22 percent;

Labor productivity must be increased by 25 percent;

Assembly time must be reduced by 30 percent.

In this connection, the trust engineering plan stipulates the following:

As early as 1986 the methods of overall engineering preparations for assembly work with preliminary batching at production-batching bases to be achieved in full;

Do fast work and apply the method of block and large-block assembling of equipment at preliminary assembly areas.

The following urgent measures were taken by the trust's management in order to ensure the precise application of the measures stipulated in the engineering plan:

Developing the necessary material base with the completion of the existing and new batching bases within the shortest possible time; supplying them with further highly efficient equipment and modern technology;

The site and permanent areas to be fully supplied with the necessary equipment and instruments;

Perfecting assembly technologies, using high efficiency equipment in the trust's branches; conditions are already being created for the production of qualitative new elements and semifinished goods to this effect;

Administrations, bases and construction sites must be systematically saturated and updated with modern mechanization facilities and tools needed for work according to the new assembly methods;

The use of electronic equipment in the association's units must be systematically introduced;

Special steps must be taken to ensure the steady improvement of the knowledge and experience of rank-and-file assemblymen, technical managers, brigade leaders and engineers, according to requirements and needs....

The trust and its branches are already engaged in comprehensive party-political work to explain the documents on the engineering program. Specific assignments were set at a meeting with the managements of the administrations and representatives of the party and trade union organizations. The obligation was assumed for the links, brigades and technological teams and entire collectives to become properly familiar with the decree and the engineering program, which must become the foundations for current and future assembly work. The suggestion was made of periodically assessing the implementation of the program. According to the assignments, the new conditions and achievements in science and practice, the existing trends must be steadily developed, supplemented and updated in terms of assembly work methods. Henceforth, in all cases, they must be in step with the latest developments and accomplishments.

In recent years, individual brigades and managements at some of the major projects applied industrial and block assembly in putting together individual and major installations. The results were exceptionally effective.

The task which is adopted and understood by all collectives of the Assemblies DSO is now to ensure the utilization of the great opportunities offered by the engineering program, so that all administrations and projects do their work in a new, highly productive and high-quality manner.

#### Construction Deputy Minister's Speech

Sofia STROITEL in Bulgarian 30 Jul 85 p 5

[Speech by Lyudmil Angelov, deputy minister of Construction and Territorial-Settlement Organization]

[Text] Report at the Expanded Session of the Collegium of the Ministry and the Sixth Plenum of the Trade Union Central Committee

Under the conditions of contemporary scientific and technical progress the tasks of public production intensification and its increased efficiency require the acceleration and intensification of the processes related to labor intellectualization.

Along with the acceleration of scientific and technical progress and the advancement of the socialist organization of labor, the cadres, with their skills and education, are one of the basic factors in the intensive development of construction output. They not only generate scientific and technical ideas but implement them in new construction systems, new technologies, new construction equipment, and new organization of labor and management.

Comrade T. Zhivkov's report and introductory and concluding speech at the February 1985 BCP Central Committee Plenum clearly formulated and specifically directed the new requirements concerning cadres, their training and skills and their way of thinking, behavior, attitude and responsibility concerning the problems which must be resolved now, in the 9th Five-Year Plan and through the year 2000.

The implementation of the ideas and principles of the engineering plan of the MSSU [Ministry of Construction and Territorial-Settlement Organization] on the development of the construction sector during the 9th Five-Year Plan and through the year 2000 requires the steady enhancement of the intellectual and professional standards of managerial and performing construction cadres so that they may become true creators and a guiding factor in the use of new vanguard construction technologies, new construction systems and new construction equipment.

At the present stage in the development of the sector, the extent of equipment and technological standards in construction output is outstripping the level of general and specialized cadre training. Such an intensifying contradiction is manifested ever more pressingly as a hindrance in the accelerated application of technical progress and leading experience in construction and the sharp enhancement of construction quality.

That is why at this joint meeting of the expanded MSSU Collegium and Plenum of the Trade Union Central Committee, we must profoundly analyze and reassess the overall work done so far in training and upgrading cadre skills and earmark the means, ways and criteria necessary for the successful solution of the new problems.

During the 8th Five-Year Plan, the 24 March 1980 resolution of the BCP Central Committee Politburo, the resolutions of the 12 BCP Congress and the 9th Bulgarian Trade Unions Congress and Decree No 42 of the Council of Ministers, dated 24 August 1980, were the guiding principles governing the work of the ministry and the trade union's Central Committee and the economic and trade union bodies and organizations in the area of personnel skills and education. These resolutions became part of the approved uniform system for upgrading cadre skills.

The ministry, the trade union's Central Committee and the economic and trade union bodies in the sector carried out significant organizational and mass political work to implement the assignments formulated in the documents we mentioned.

Problems of cadre training and skills were discussed at meetings of trade union committees, economic councils, the trade union's Central Committee bureau and the ministry's collegium.

## I. Status and Problems Related to Cadre Training Activities

### 1. Planning and Meeting Needs for Cadres

Currently the training of cadres needed by the economic organizations within the ministry's system has been organized and been carried out in accordance with education standards.

The system used in planning and procurement of cadres, however, suffered from serious shortcomings, which became particularly clearly apparent in recent years.

As early as in 1985 the following should be accomplished:

A realistic plan for meeting the need of higher education cadres must be formulated and substantiated;

A plan for the enrollment of students in construction technicums and SPTU [Construction Vocational-Technical Schools] must be reviewed and submitted for additional coordination with the ONS [Ordinary National Assembly];

We must resubmit to the MNP [Ministry of Public Education] for discussion and resolution the question of transferring all construction technicums and SPTU to the ministry's system.

### 2. Scope and Quality of Training

Extensive work was done in the past period to expand the scope of cadre training and, particularly, to improve training quality.

A task force consisting of specialists from the ministry and the VIAS [Higher Architecture and Construction Institute] is currently at work on the list of specialties for the new type technicums. Its suggestions will be discussed this coming September.

The VIAS has not revised the nomenclature of specialties and specialization fields. However, it introduced significant improvements in the qualification characteristics, which included some of the new requirements.

Curriculums and programs are of particular importance in terms of the quality of training of young specialists.

Equally important in terms of attaining a high-quality and high scientific and professional standards in training is the material and technical base.

Teaching cadres at VUZes, technicums, SPTU and PUTs [Vocational Training Centers] play an exceptional and irreplaceable role in ensuring high-quality training.



We deem it expedient:

For the ministry to react promptly to all changes in practical reconstruction requirements, by steadily improving nomenclatures, skill characteristics, curriculums and training programs;

For the economic organizations to improve, expand enrich training material and technical facilities in construction schools and TUTs and on-the-job training;

For the ministry to provide greater assistance in the cadre strengthening of schools and securing highly skilled cadres;

For the economic organizations systematically to assist their base schools in developing and asserting high social and professional prestige;

For the managements of the economic organizations to show particular concern and exigency in enhancing the level of training and instruction in PUTs.

It is becoming clear that regardless of achievements unresolved problems and tasks remain in cadre training. For this reason, the sectorial cadre training system must be improved in such a way that in the 9th Five-Year Plan it may provided the necessary balanced labor potential.

## II. Status and Problems in the Activities Relative to Upgrading Cadre Skills

The development of cadre skills is a complex combination of theoretical knowledge acquired in basic training and practical skills and experience mastered in the course of specific production-economic activities and contemporary practical science domestic and foreign accomplishments and discoveries.

The problems of professional qualifications were given a new development at the present dynamic stage in the development of science and production and particularly, after the BCP Central Committee Plenum on Scientific and Technical Progress.

It is on this basis that the efforts to upgrade skills on all levels and in all categories, ranging from the ministry to the construction project, design studio, production shop and brigade must be subordinated during the 9th Five-Year Plan to the tasks, requirements and demands of the approved engineering plan.

So far, the improvement of cadre skills was part of the cadre support part of the counterplan submitted by the economic organizations.

Without underestimating the role and significance of such activities, we believe that they are insufficient and largely formal.

What are the reasons for and what gives us the right to make such an evaluation?

It is no secret that a worker can be drawn to attend a qualification upgrading course only if he is convinced that this will mean a raise in grade.

Although for different reasons, the same situation prevails in the case of specialists with higher and secondary training. The situation becomes even more difficult in the case of ensuring the enrollment of students in courses for leading cadres, organized and conducted by the Social Management Institute (ISU) and the BCP Central Committee Academy of Social Sciences and Social Management (AONSU).

Today in no single economic organization or enterprise changes in positions of personnel or specialists are preceded by job specialization.

The second group of weaknesses and shortcomings in upgrading cadre skills stem from the level of the courses, the training and possibilities of teachers and the organization of the overall training process.

In recent years, the matter of the so-called outstripping qualification is being increasingly discussed in the entire economy, including our sector. Its purpose is to see to it that training precedes the use of new technology, new equipment or new work methods. Our efforts to apply this system are still failing to yield desired results.

The party's Central Committee February Plenum provided a full and profound answer to this question, answers and evaluations which are entirely applicable to us. In this sense, our specific conditions call for bringing out and reemphasizing the following:

First, the criteria in assessing and formulating requirements concerning cadres on all levels and categories remain low and do not create a "hunger" for qualification.

Secondly, the social demand for cadre skills remains insufficiently clear, incomplete and relatively vague. It lacks concreteness both in terms of topics and scope.

Third, the current skill development system is cumbersome and involves a great deal of formalism.

Fourth, the individual and collective psychological and professional mood for permanent qualifications and self-training, as a particularly efficient method for upgrading skills, remains low. It lacks adequate activeness and motivation.

The comprehensive engineering plan for the development of the construction sector during the 9th Five-Year Plan is a detailed document on the basis of which we must formulate requirements for cadre skills for 1985 and the entire 9th Five-Year Plan.

The adopted concept is based on the major task of developing construction with a view to converting the construction site into an assembly site.

The concept is the base for the new requirement concerning the skills of engineering and technical specialists and cadres in the areas of surveys and design, such as:

Use of new architectural-operational and structural-technological solutions in existing nonscaffolding-panel assembling construction systems;

Creation and application of new solutions in scaffolding industrialized construction systems;

Application of improved installation subsystems for buildings for mass use;

Elaboration and application of industrialized construction systems with metal and combined structures in public construction;

Utilization of a system for the automatic computation of cost documentations;

Utilization of adapted foreign programs;

Improvement and intensification of designing through the use of computers;

Development and territorial deployment of the production base.

The specialists and performing cadres in the construction materials industry must meet requirements based on the application of the following:

New vanguard technologies; automated control systems; production automation and robotics;

Use of personal computers in production and management in the construction materials industry;

Expansion of the raw materials base and utilization of industrial waste in the production of construction materials;

Engineering solutions for the efficient utilization of energy and raw material resources;

Metrological support of the production process.

The enhancement of the skills of economic cadres will be determined by the following:

Improvements in the organization and economic management of activities in the sector;

The specific stipulations of the economic mechanism;

The creation of a standardized basis for regulating relations among subunits, plants and enterprises operating on the basis of internal and brigade cost accounting;

Mechanization and automation of management processes.

In accordance with the resolutions of the February CPSU Central Committee Plenum, the ministry must formulate and develop its sectorial national center for upgrading cadre skills. We are particularly facilitated in the implementation of such tasks. Furthermore, we can definitely consider that we are among the first with a sectorial center operating on the national level.

This refers to the Center for the Advancement of Construction Cadres in Plovdiv.

It is our obligation and ambition for the Plovdiv Center to become the leading, the standard setting center for upgrading skills of management cadres and specialists.

What does the successful and fast solution of this problem require?

The first is to define the status of the center and the cadre categories it will train.

Second, its cadre stabilization and consolidation.

Third, the formulation and implementation of a program for partial reconstruction and modernization of the entire material and technical base.

The task of developing a sectorial system for cadre training and qualification was formulated by Comrade Grigor Stoichkov, our minister, at the national conference with general directors of economic organizations in the construction sector, which was held in 4 January 1985.

The formulation of the system was completed on time. It is currently being reworked and supplemented, reflecting the suggestions and considerations voiced at the present meeting.

The main purpose of the system is to set new criteria and requirements which would stimulate the desire for higher skills and create comprehensive conditions for supplying the sector with a well-balanced full labor potential set.

The practical implementation of the main objective and the subtargets of the system requires the accelerated solution of a number of important problems. Particularly noteworthy among them are the following:

#### Cadre Training:

Making qualitative changes in the nomenclature of the training skills, specialties and specializations.

Improving job and skill characteristics;

Updating the structure of curriculums and the range of training programs;



Perfecting the content, organization and methods of training and upbringing of all cadre categories;

Improving the training material and technical base through the use of electronics and computers in the training process.

Retraining and Upgrading Cadre Skills:

Formulation and ratification of forecasts, programs and plans for skill upgrading;

Establishing price criteria governing the needs for upgrading skills and concretizing planning in this area;

Conducting studies on the effectiveness of upgrading skills and evaluating the reaching of the targets;

Improving cooperation and coordination with the Ministry of Public Education, the Committee on Labor and Social Affairs, the Institute of Social Management, the Academy of Social Sciences and Social Management, the higher educational institutions and the training units for upgrading skills belonging to other sectorial systems.

The system is open. It covers the following:

Training cadres in all types of specialties and specializations, based on their educational standards and assignments;

Retraining and upgrading cadre skills on all levels of management, education and specialization;

Upgrading the educational standards of performing cadres.

During the 9th Five-Year Plan the following will be trained and join the ministry's economic organizations:

A total of 2,871 young specialists with higher training;

7,200 young specialists with secondary specialized training;

30,500 skilled workers, graduates of secondary vocational-technical schools;

8,200 skilled workers, unified secondary polytechnical school graduates;

40,000 skilled workers trained at the system's vocational-training centers.

A total of 230,525 people will be retrained and will improve their skills. In practical terms, this means that every worker, specialist and manager will undergo training.

More than 10,000 young workers will upgrade their educational standards.

These figures are consistent with the planned estimates for the cadre support of economic organizations and are broken down by year for the 9th Five-Year Plan.

The specific numbers will be refined annually with the updating of the annual counterplans.

The system's management has been organized on two levels: that of the ministry and of the economic organization.

This very year a specific solution will be provided to basic problems related to cadre training:

We are organizing the study and determination of changes in qualification requirements, based on the solutions included in the engineering plan, the new construction systems and structures, construction materials, technologies, and others, and the ministry's program for improving construction quality, separately for cadres trained in higher educational institutions, technicums, secondary vocational-technical schools and unified secondary polytechnical schools;

Suggestions will be submitted to the Ministry of Public Education for changes in curriculums and training programs for the training of the various cadre categories;

Optimal conditions will be provided for ensuring the practical training of higher and secondary school students during the third training stage, in order to achieve the full adaptation of the students to work at actual jobs;

Decisive steps are being planned to improve the organization of the placement of young specialists and the creation of conditions for the highly efficient professional and social manifestation of their qualities in the sector.

Particular attention is being paid to designers and architects, management cadres and architecture and urban planning departments of okrug and obshchina people's councils and their technical services, to the cadres of the Development of Conurbation System Directorates and the Urban Planning and Communal Economy and Territorial Register Directorates.

The separate training in the specialized problems of the subsector is being organized for cadres in the construction materials industry. This is based on the need drastically to upgrade the quality of construction materials and goods.

The management of the Construction Materials Corporation and the managements of plants and enterprises must profoundly study the specific requirements for highly trained and properly skilled cadres and to organize their instruction.

The training of teaching cadres by construction schools and the science chairs of engineering-application organizations and scientific institutes has been planned.

The enhancement of the skills of performing cadres will take place on two levels:

The first level covers beginners and unskilled workers. Its main task is to meet the needs of the corresponding economic organizations for skilled workers;

The second level covers upgrading skills of workers with average and high-level skills, on a full-time basis.

Target courses will be offered in the course of the preparations for the implementation of each of the engineering solutions in the 9th Five-Year Plan and in connection with any forthcoming new development, involving the workers in the respective specialties.

On a parallel basis, the following is taking place in 1985:

The formulation of a problem for the elimination of the rating system and its replacement with a new system for skill grading, consistent with the specific features of the construction profession;

Formulation by all economic organizations, scientific institutes, engineering-application organizations and design organizations of a program for cadre support through 1990 and, subsequently, the year 2000.

We ascribe great importance to the problem of eliminating the rating system and replacing it with a new system for skill rating.

We pay particular attention to and closely follow the formulation of our own cadre support programs for the 9th Five-Year Plan and through the year 2000 by each economic organization, scientific institute, engineering-application organization and design organization.

III. On the Position, Tasks and Role of Trade Union Organs and Organizations in the Further [several lines here illegible]

...of scientific and technical achievements and leading experience in practical work is a task of exceptional importance, which requires highly trained and professionally knowledgeable cadres. For that reason, the training and skill qualification of cadres are considered by the trade union bodies one of their most important activities.

Engaging in mass explanatory work among the collectives on the need for continuing skill upgrading is a major task of the trade union bodies and organizations.

The rich arsenal of means, ways and methods can yield positive results if used purposefully.

Meetings and discussions with trainees are a tried method. The most efficient, however, is individual work of instructors with the men.

The exchange of work groups of performing cadres between our construction organizations and similar collectives in the socialist countries is an established method for the exchange of leading experience, leading to the professional growth of management and performing cadres.

Another efficient method is the organized movement for gaining the right to have one's personal seal of production quality, awarding the title "High Quality Collective" and "Collective Without Claims," as well as the title of "Quality Worker." The initiative of issuing the construction projects a quality guarantee document is of major importance in this respect.

The problem of upgrading cadre skills in connection with the application of technical progress would be difficult to resolve exclusively through traditional means and methods of work. The activities of trade union as well as economic bodies must be concentrated on the fuller and more creative utilization of the socialist competition and the mass study, popularization and application of leading Bulgarian and foreign experience.

The trade union committees must dedicate systematic concern for the workers and students, providing them with certain facilities during training, such as placing their children in kindergartens and nurseries, expanding and improving some consumer services, reducing the volume of their social assignments, providing them with their due paid leave, assigning them suitable work shifts, etc.

While exercising their control functions, the trade union committees must observe the regular attendance and successful training of the workers in the individual units. The workers must feel responsible to the trade union committee, the trade union group and the collective for the possibility granted to them to study and upgrade their skills.

The participation of the workers in the various methods of upgrading skills and education must be publicized and ascribed enhanced social significance. Achieved results must be indicated.

The concern of the trade union committees must be manifested also in providing suitable conditions for mastering the material as it is taught. The trade union managements must demand that engineering plans and counterplans include steps and means of upgrading and perfecting the material and technical base.

The ministry's leadership and the trade union Central Committee are well aware of the tremendous importance of the problems related to cadre training, retraining and skill upgrading as a factor for the accelerated application of scientific and technical progress in the sector. The specific nature of construction work and the strict requirements facing cadres in the sector, as well as the harsh working conditions require that much greater attention be paid to the training and skill of our cadres, their upbringing and tempering, and concern for always being consistent with the needs and tasks of the future. This calls for making the skill, professional training and retraining of cadres a stable, competent and skillfully guided continuing process of improving technical and economic knowledge for the development of the revolutionary thinking, awareness and action consistent with the level and requirements of scientific and technical progress.



CZECHOSLOVAKIA

CRUCIAL TIE OF ECONOMIC GROWTH TO INTENSIFICATION DISCUSSED

Prague HOSPODARSKE NOVINY in Czech No 34, 1985 pp 1, 5

[Article by Eng Kamil Janacek, Candidate for Doctor of Science, Eng Jan Klacek, Candidate for Doctor of Science, Czechoslovak Academy of Sciences Economic Institute: "Economic Growth; Intensification the Only Way Forward"]

[Text] Choosing a pace for economic growth is one of the central points in establishing a strategy for economic development. It is therefore quite logical that during the current preparatory stages for congresses of communist and worker's parties of the socialist countries the question of economic growth would come to the forefront. A complex of issues related to economic growth is involved, as well as qualitative aspects of development and economic equilibrium. The CPCZ Central Committee is emphasizing the goal of speeding up social and economic development, by which it means more than a mere increase in the rate of growth of the economy. "What is at stake is a new quality of our development, rapid progress in strategically vital directions, the restructuring of production, the shift to intensification, the implementation of more effective forms of management and the improved resolution of social problems," in the words of Comrade Mikhail Gorbachev.

Future tasks may, therefore, be generally summarized as follows: creating the conditions for a fundamental and permanent shift to an intensive development path; substantially increasing labor productivity; meeting the parameters of leading world producers and overcoming our relative backwardness in comparison with the most advanced countries.

At the same time it is clear that a shift to intensive development means a new direction for development that cannot be replaced by any kind of improved continuation of current trends. The dimensions of these tasks in the near future will require a speeding up of socio-economic development along with a strengthening in the reciprocal ties between the standard of living and economic growth. As Comrade Gustav Husak stated at the 15th CPCZ Central Committee Plenum... "assuring the tasks which we are setting for ourselves for the future in the socio-economic area assumes growth of a minimum of 3.5 percent

annually in national income. This is a demanding target but analyses indicate that it is feasible and inevitable. We want the performance of our economy gradually to reach a level comparable to the industrially advanced countries of the world and to increase our contribution to the economic competition between socialism and capitalism."

#### Growth Rate

In the above context it is important to analyze the growth performance of the Czechoslovak economy over approximately the past 15 years. This makes it possible to evaluate the behavior of the economy in situations when the basic conditions of its functioning have changed, sometimes drastically. This contributes to a more profound awareness of the characteristic aspects and properties of our macroeconomic system than would be possible under "normal" conditions. Moreover, since long range projections of economic development agree on the point that during the next 15-20 years there will be a qualitative change in the characters and intensity of economic growth, an evaluation of the factors in the past growth and their changes is a prerequisite for scientifically based predictions.

During the 1970's and first years of the 1980's clearly positive results were obtained in fulfilling the objectives for the socio-economic development of our country. The economic potential of Czechoslovakia almost doubled over that time; economic well-being, personal and public consumption increased by more than 50 percent. The economic well-being of Slovakia has come into line with that of the Czech lands in a historically very short time. This very concise listing of the record of economic development is indicative of the relatively large amount of resources that the economy has had available for the fulfillment of the above objectives.

Socio-economic development, however, is dialectical in nature. Positive developmental trends have been accompanied by negative developments as well, and positive economic performance often goes hand in hand with undesired and even unexpected negative consequences. Society evolves within this unity of conflicts. The fundamental antagonism recently has been between on the one hand the development of the forces of production, which has generated the conditions for the objectively necessary shift to an intensive form of expanded socialist capital replacement, and on the other hand the mechanisms involved in the functioning and implementation of the criteria and techniques for allocating economic resources, along with the inertia of outmoded techniques of management and national economic planning.

It is well known that as a result of its relative sophistication the Czechoslovak economy faced questions involved in the shift to intensive production earlier in the course of socialist

construction than other countries and often in a more extreme form. Up until the second half of the 1970's our economy was able to maintain a certain, though declining, rate of growth that assured both a rise in the standard of living and the replacement of production resources.

The inconsistent and ineffective resolution of long term economic problems that became evident in declining economic growth rates, an inadequate flow of innovations and upgrades in product quality, and overall in a certain decline in our shares of world markets, did not directly affect either economic growth or the improving living standards of the population because we could draw upon available domestic and foreign sources of underutilized capacity. Even though the relatively balanced economic growth on the consumer market and in foreign relations in the first half of the 1970's generated favorable conditions for implementing changes in the economic mechanism that would be appropriate for the shift of the economy to an intensive mode of development, this potential was not fully exploited.

The change in the long term relationships on world markets between the prices of raw materials, materials and energy resources on the one hand and the prices of products of processing industries on the other hand led, beginning in 1973 in the form of an external collision, to a situation in which our shortcomings in economic efficiency and overall productivity hit home with full force. The CPCZ Central Committee Plenum of November 1974 pointed out the full implications and the irreversible nature of these changes for the Czechoslovak economy, based as it is on processing industries.

The deterioration in Czechoslovak real exchange relations with our foreign partners was not neutralized by a corresponding increase in economic efficiency and thus became incorporated into deficits in the trade balances of our country, creating the need to draw upon external resources, which reduces consumed national income in relation to total national income produced. This is because keeping this external disequilibrium within acceptable constraints required--assuming a given level of efficiency and valuation level for primary inputs--across the board limitations on imports which accelerated the decline in the economic growth rate.

The perceptible slowing down in the growth performance of the Czechoslovak economy (see Table 1) and of the economies of practically all the European socialist countries in the second half of the 1970's and first half of the 1980's raised the question of whether the main reason for this might not be a collision with limits in the area of raw material and power resources.

Table 1. Economic Growth in Terms of Basic National Economic Indicators (average annual growth rate in percent)

	<u>1971-1975</u>	<u>1976-1980</u>	<u>1981-1984*</u>
Total Public Product	5.7	3.8	1.7
Gross national income produced	5.8	3.9	1.8
Net national income produced	5.7	3.6	1.3
National income consumed	6.1	2.2	-1.5

\*1984 data preliminary

Source: Long Term Times Series Data for the CSSR, 1945-1980, Research Institute for Socioeconomic Information and Automation, Prague; Statistical Yearbooks of the CSSR, 1981-1984; Report on National Economic Development 1984.

Analyses indicate that the impact of those barriers which made it impossible to achieve the previous growth rates is reflected not only in a significant limitation in resource availability, but is also a consequence of our failure to exploit non-traditional sources of growth to the fullest extent. These include the intensification of the capital replacement process and the inadequate implementation of R&D findings as direct stimulants to growth. Nor did the economic environment, and especially a no longer appropriate economic structure, make things any easier.

This shift to a new growth path that reflects substantially different potential for the growth rates of the work force, the capital stock, raw materials, and above all power resources in the 1980's and 1990's, is therefore linked to the need to assure a large degree of intensification of the entire capital replacement process along with the accompanying restructuring of the economic mechanism and economic strategy.

1983

This conclusion is supported by the analysis of the factors in upturn in the economic growth rate that began in 1983. This analysis links this upturn to the evolution of objective conditions within which the capital replacement process was taking place (including some influences of a random nature), along with purposeful intervention from the economic center to direct and correlate these processes. These influences may be summed up as those of the planned management system on the capital replacement process.

First among the factors that should be mentioned was an improvement in the supply situation of fuel and power, especially an upturn in the growth rate of coal mining and electricity generation. This improvement was accompanied by a system of limits that had been placed on liquid fuel consumption, a certain reduction in the production of the most energy intensive



products, and certain efficiency enhancing measures to reduce the standard consumption of fuel and power throughout the economy. The impact of these efficiency enhancing measures, which were supported with price modifications, was to reduce the demand for fuels and power. Favorable climatic conditions also helped (this is estimated at 2-2.3 percent of total fuel and power resource consumption in 1983).

This period also saw a stop to the decline in imports of key raw materials and materials, primarily from the USSR. Agriculture also made positive contributions to national economic development. The constraint imposed by the balance of payments relaxed in 1982-1984 in part because we were able significantly to restrict our grain, and some fodder, imports while at the same time increasing exports of other agricultural products. While some of this favorable performance by the agricultural sector may be attributed to investments that were made and to favorable weather, changes in the management and planning system for agriculture that were conducted in 1982 also played a role.

On the whole, it may be stated that the upturn in the growth rate was achieved primarily in an extensive manner, i.e., mainly by increasing inputs of energy and other raw materials, and only to a lesser extent through intensification measures (see Table 2). For this reason primarily the results of economic growth in 1983-84 must be examined soberly. Without formulating and implementing a number of further changes in the planned management system that will motivate the enterprise sphere over the long term to change its efficiency parameters in an ongoing way, it will not be possible to consider an upturn in the economic growth rate accompanied by reduced energy intensiveness as the real beginning of a new growth path.

Table 2. Increase in Labor Productivity and Efficiency of Other Resources (average annual rate of growth in percent using data in 1977 price)

	<u>1971-1975</u>	<u>1976-1980</u>	<u>1981-1984 (1)</u>
Labor productivity	5.4	3.4	1.4
Fixed capital efficiency	0	-2.4	-3.5
Overall efficiency of			
material consumption(2)	0.1	0.1	0
of which:			
efficiency of production			
consumption of energy(3)	3.4	2.7	1.4

Notes: 1. 1984 data preliminary

2. material consumption defined as production consumption exclusive of depreciation

3. energy expressed in joules

Remark: Resource efficiency related to public product

Extensive economic development has a proven tendency to develop deficits in production resources. Sooner or later all the basic extensive factors in economic growth, and therefore also of growth of the overall stock of productive assets, come into short supply and begin to limit the pace of economic growth. The coming of limits to raw material and power resources was an example of this phenomenon.

Overcoming the barriers inherent in extensive development is possible only by gradually involving nontraditional resources in the entire capital replacement process. These mainly involve the impact of production and technological innovations stemming from R&D activity which have been motivated by significant changes in the planned management system of the national economy. Increasing the extensive factors in development can be accomplished for a certain time, but this only puts off the collision with the barriers to economic growth of this type in the future, and is not the same as overcoming these barriers once and for all.

#### Quality

The current development phase of socialist economies is characterized by a growing level of interdependence between the specific objectives of socio-economic development. Economic growth in and of itself, to the extent that it is not channeled into a growing degree of satisfaction of the needs of society and its members, makes no sense. By the same token moving an economy to an intensive development path is justifiable in terms of fulfilling the final goals of socialism. In this context it is not only the quantity, but also the quality of economic growth that is important.

The quality of economic growth depends primarily on the social utility of what is produced and on the degree to which final demand is satisfied given the resources available. This involves, for instance, overcoming our tendency to increase inventories excessively, especially inventories of goods that are difficult to sell, the tendency to cost overruns on capital investment projects and to an increase in uncompleted projects. It is also necessary to increase substantially product quality and to avoid selling our goods for less than full value abroad.

It is also important to reduce shortages of goods and services on the consumer market, to increase the efficiency of free or highly subsidized public services, to develop the conditions for increasing free time and improving the environment. That is, the growth rate of produced national income does not reflect, that is, the full extent of the growth economic activity, because it doesn't measure the full extent of the increase in requirement satisfaction.

When evaluating economic growth it is also necessary to bear in mind that the rate of such growth is only one of the goals of economic policy, and that its long term implementation presumes the parallel implementation of other objectives, above the achievement of a balanced, well proportioned economy.

These objectives are interrelated to some extent. Increasing the quality of the standard of living, improving proportionally, and eliminating shortages places certain requirements on the rate of growth of this living standard and the economy generally. Only with a given rate of living standard growth (2-3 percent annually for the CSSR is it possible to begin to resolve certain above mentioned qualitative issues. At higher growth rates the impact is also enhanced of the reciprocal ties between an increasing standard of living and the increased labor productivity and economic activity of workers. On the other hand, at lower growth rates (below the "sensitivity threshold") such activity is perceptibly weakened. Realizing goals for increased living standards, therefore, presumes a certain minimal level of economic growth.

#### Making Prediction

In making predictions concerning variant paths for long term growth for the Czechoslovak economy it is necessary to be concerned not only with expanding the production capabilities of the economy, but also with the capabilities for fulfilling this socio-economic strategy.

This section is based on projections developed at the Economics Institute of the CSAV, and primarily the study Projected Changes in the Capital Replacement Process in the Czechoslovak Economy to the Year 2000 (assumptions of the projections), Prague 1984

The top external objective is the achievement of a peaceful existence with a proper position for Czechoslovakia in the world economy. The main domestic developmental goals are as follows: improving social certainties (the right to work and the assurance of those requirements that are provided from public resources); an increase in the material consumption of the population, above all of those families in lower income categories; an improvement in public services along with the balanced development of the domestic consumer market; resolving the housing question; improving the quality of health care, education, and the arts; shortening work time, improving working conditions and the use of free time; arresting the deteriorating environmental situation and then beginning to make improvements.

The fulfillment of all these objectives requires the achievement of a certain minimal economic growth rate. If one looks at the predicted growth rate only in terms of projections for the development of the basic factors of production, without taking account of a basic change in efficiency achieved by integrating

R&D work with production, including all the conditions relating to this, then the period through the end of the century appears to be one of very slow (about 2 percent) economic growth, meaning the postponement of a number of socio-economic objectives. This results, above all, from the minimal increases that are projected for power and raw material resources along with the exhaustion of underutilized opportunities for their use in existing production technologies.

For this reason long-term projections of growth rates must define the space within which it would be possible to reconcile long term goals with available resources, as best these latter can be estimated. Within these constraints, then, such projections must arrive at permissible variants for economic growth. The permissible constraints must be restricted, because shifting the economy to a path of intensive development and fulfillment of the above socio-economic objectives requires the achievement of a certain lower threshold in terms of the rate of economic growth and quality considerations. In the Czechoslovak economy this bottom limit is about a 3 percent per year annual growth rate.

In the second half of the 1980's, results will be affected by certain inertial elements from the current period. It is therefore necessary when making projections to work on the basis of 2 periods. In the first period the dominant objective should be the achievement of economic equilibrium, both external and internal, an upturn in economic growth, but at a reduced rate (below the long term trend), with an accompanying gradual upturn in the standard of living. During this period the formulation and implementation of more fundamental changes in the planned management system should be executed, as well as any necessary corrections in the implementation of economic strategy. This period began in 1983 and its duration may be estimated at the next 3-5 years.

Under these optimistic assumptions regarding economic intensification it would be possible by the end of the 1980's to return to a long term growth path and, in the 1990's approach an economic growth rate in the 5 percent annually range. This would in turn make it possible to break away from the the lower limits on the fulfillment of internal and external objectives of socio-economic development.

This variant, however, is exceptionally strict, in that it requires the consistent implementation of the economic strategy of the CPCZ--the shift of the Czechoslovak economy to an intensive growth path. The increase in the efficiency of raw materials, materials and energy that it presumes has no precedent in the recent economic history of the CSSR (a decline in material and energy intensiveness has reached 3 percent annually at some times). Achieving this level of efficiency would require the rebuilding of the entire economic mechanism and, in conjunction with this, a reorientation of investment policy, including the structural profile of the economy and the position of the Czechoslovak economy in the international division of labor.



Investments intended to expand resource availability, above all energy resources, currently swallow about 50 percent of all investment resources, thus limiting the possibilities for modernizing the processing industries, and effectively improving and developing new fields and technologies that will determine the technical and economic sophistication of the machinery stock in the future. Current experiences indicate that the stage of the shift of the economy to an intensive development oath will require investments in the rebuilding of the material-technical base and the infrastructure which will in turn reduce demands on labor, power and material resources, and investment intensiveness as well.

The most important of these changes is a fundamental restructuring of the planned management system into a qualitatively new form corresponding to the requirements for the intensive development of a socialist economy. This is a complex task which faces all socialist countries right now. Comrade Mikhail Gorbachev provided a convincing justification and direction for these essential changes when he stated:

"Life itself requires a fundamental restructuring of planning and management, of the entire economic mechanism...Increasing the efficiency of the principles of centralism in management and planning, providing greater independence and responsibility for enterprises, actively utilizing more flexible management forms and techniques, *khozraschet*, and goods and cash flows, extensively developing mass initiatives--all of these are involved in this restructuring."

The relative speeding up of economic growth and a reduction of tension within the economy and in relationship to its external environment is resulting in greater opportunity and a more appropriate groundwork for the gradual implementation of very fundamental changes in the planned management system, which can in turn exert a positive influence on national economic growth. Another area of fundamental change is the integration of projections and plans for economic development with the above mentioned changes in the economic mechanism. This link has not been strong enough in previous procedures for formulating national economic plans and long term forecasts. Our objectives for intensification require both a substantial increase in the role and commitment of people and the elimination of material and incentive barriers that are retarding its more rapid implementation.

CZECHOSLOVAKIA

TRANSPORTATION SITUATION EXAMINED

Transportation in Field of View

Prague HOSPODARSKE NOVINY in Czech No 39, 1985 pp 8-9

[Article by Dr Antonin Psenicka, Office of the Federal Assembly]

[Text] On Tuesday, 8 October, the Chamber of Deputies of the Federal Assembly will take up the report by Minister of Transportation Vladimir Blazek, engineer, regarding the tasks for transportation in satisfying the requirements of the national economy. The delegates and other organs of the Chamber have been dealing with preparations for this meeting virtually from the beginning of the year.

The delegates went through a number of group and individual research projects at selected enterprises, transportation organizations, central organs and other institutions, even in their election districts. The research was participated in also by delegates from the Chamber of Nations and by the Czech and Slovak National Councils.

The research projects were aimed primarily at gaining an insight into the manner in which the lowering of the transport intensity of social production is progressing, how the principles of a unified state transportation policy are being implemented in practice, what the level of quality and culture of passenger transportation and services for travelers might be, how the program for lowering the energy-intensive nature of all types of transportation is being fulfilled and how transportation work is being channeled to less energy-demanding and less economically demanding sectors of transportation, how workers in transportation are being cared for, etc.

Even if it is possible to meet transportation requirements with respect to volumetric indicators, the progress made with respect to another task set by the congress--the quality of the transportation process, particularly with regard to speed, timeliness, reliability of transportation and the culture of travel in passenger transportation, particularly on railroads and municipal mass transport media, cannot be evaluated positively. This is caused by the fact that in previous 5-year plans, the rate of development of the technical base of transportation was not commensurate with the growth of transportation outputs, which caused reserves to be exhausted, particularly with respect to

railroads. The research conducted by the delegates universally indicated that it is essential to give preferential treatment to the development of the technical transport base.

The delegates repeatedly verified during their research that transportation is operating under conditions in which the renewal of its basic means continues at a slow pace; in some instances, particularly with respect to renewing machines and installations, it does not even reach the bare levels of reproduction. The share of investments in transportation is not commensurate with requirements. Consequently, the capacity of railroad lines is not improving. In the experience of the deputies, the most serious problem is the obsolescence and the capacity possibilities of transportation routes. In railroad transportation, there are currently some 103 bottlenecks where the technical capacity is inadequate for the transportation requirements and becomes a limiting factor. A serious problem is presented by the technical status of tracks, particularly of railroad roadbeds. A similar situation exists with respect to highway transportation, particularly with regard to the capacity of some first-class highways, also with respect to bridges and particularly with respect to the comprehensive solution of transportation within municipal agglomerations.

#### We Must Begin With the Shippers

In many conversations with leading economic workers, with party and trade union officials and with workers, the deputies verified that, for the time being, there is no comprehensive system within the planning sphere to lower the demanding nature of transportation or for supporting it and evaluating it, both at the level of individual ministries, as well as with respect to inter-ministerial comparisons.

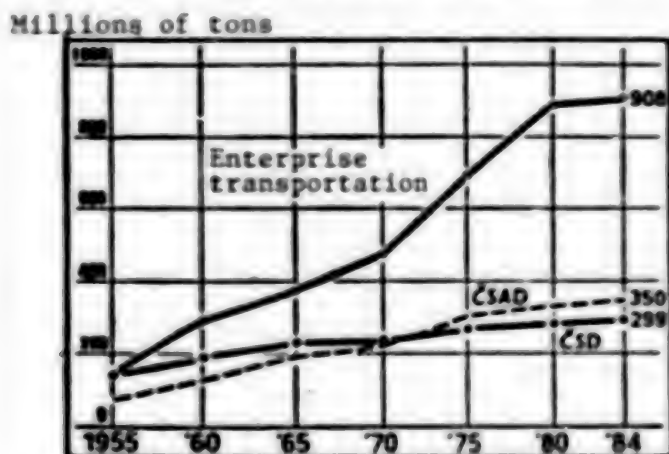
In comparison with some comparable countries with a developed economy we find that Czechoslovakia has transportation demands which are significantly higher: for example, in comparison with the GDR by 2.4 times, with Hungary by 1.2 times, with Poland by 1.1 times, with the FRG by 3 times and with Holland by 4.2 times. During a more detailed analysis we reach the conclusion that the main reason is the high material and energy demand of the Czechoslovak national economy. It is not a little influenced by the complicated supplier-consumer relations, by the degree of concentration and specialization and by the location of production forces.

Construction primarily influences the overall transportation demand. The volume of construction materials and bulk cargoes like sand, soil, etc., represents 58 percent of the total transportation volume.

In the agreed-upon opinion of the deputies, the lowering of the demanding nature of transportation must begin primarily with shippers. Central organs can influence it through a number of measures, for example, by instituting requirements to work out standard transportation demand curves pertaining to principal shippers and substrates, by perfecting and deepening their planning activity, by carrying out the optimization of calculations with respect to decisive substrate bulk cargoes such as, for example, coal, metals, metallurgical and engineering products, construction materials, lumber, etc. In the

experience of the deputies, the task of lowering the demanding nature of transportation is a matter primarily for production and for the rationalization of supplier-consumer relations.

Transportation of Goods by Public Transportation (CSD and CSAD) and by Enterprise Transportation in 1970-1984 (in millions of tons)



Lowering of the demanding nature of transportation by 5 percent in the 7th Five-Year Plan should result in relative savings of 2.7 billion korunas. Results thus far indicate that fulfillment of the set task is realistic. However, for the time being this is not a matter of the results of comprehensive influences upon the demanding nature of transportation but, rather, the consequence of the influences of various measures, particularly in the enterprise sphere.

On the basis of the findings contained in the research conducted by the deputies, the committees of the people's chamber reached a conclusion that assuring a unified state transportation policy is made more difficult by the fact that transportation in Czechoslovakia is directed from two centers--the Federal Ministry of Transportation and the Ministry of Interior of both national republics, whereas enterprise transportation, which represents more than one-half of the total volume of goods transported, is only influenced methodologically by these organizations; it is controlled by economic organizations of various branches of industry.

In the opinion of the deputies, therefore, the above-mentioned organizations and organs must share in creating and realizing a unified state transportation policy and in distributing transportation work among individual sectors of transportation, as well as in the conceptions of their development more effectively and in mutual cooperation.

In their research the deputies became convinced that the principles of a state transport policy and the conception of development pertaining to individual transportation systems are not reflected as unifying documents across the entire extent in additional implementing documents and have no tie-in to instruments and means made available by appropriate laws of the Federal Ministry of



Transportation, whose coordination activity is adjusted only in the common position of a federal organ and which lacks the specifics of its coordination activity so essential for assuring the proper function of a uniform transportation system.

The deputies also dealt with the safety of highway transportation. Their findings confirm that the system of fighting against accidents, which is applied in Czechoslovakia as a planned and integrated program, is correct. This is also confirmed by statistical data. For example, the degree of motorization, accompanied by a constant increase in the density and intensity of operation on the highways, has gradually grown to four times what it was in 1960; the number of traffic accidents, however, grew only by 150 percent. Simultaneously, the harmful effects of accidents upon the lives and health of people declined below the level of 1960 during this period.

Even though last year it was possible to significantly lower the number of deaths and the absolute number is at the level it was in 1958, we cannot be satisfied with the current status. In comparing basic indicators within the framework of European countries, we find that the danger factor of traffic accidents is significantly higher in Czechoslovakia.

The determined findings show that safety belts are not being used to the required extent in our country; virtually one-fourth of the drivers of automobiles and their passengers were not wearing seat belts during an accident. More than 43 percent of the accidents occurred on highways with lowered adhesion capabilities; virtually 54 percent of those killed were killed in accidents which occurred during reduced visibility. A problem is also caused by accidents involving drivers with less than 2 years of driving experience, who caused one-fifth of all accidents.

The number of accidents caused under the influence of alcohol continues to be disturbing. For example, the number of drivers convicted for the criminal offense of drunkenness rose by 12 percent between 1980 and 1984. This shows that, despite all preventive education and repressive measures, we are unsuccessful in effectively limiting alcoholism in the transportation process. Deputies of constitutional-legal committees, therefore, reached the conclusion that it is essential to perfect the method of determining alcohol in the organism of participants in highway traffic and to more strictly prosecute perpetrators of criminal acts carried out under the influence of alcohol.

The situation regarding pedestrians continues to be unsatisfactory. Their share in the number of persons killed is virtually the highest in our country in all of Europe.

#### Low Culture of Travel

The deputies devoted a great deal of attention to the level of culture and the quality of public bus transportation conducted by the CSAD enterprise and by municipal mass transport media. The fact that our territory is equipped with a very good level of mass bus transportation can be evaluated positively. Buses practically do not run late and the missing of connections is not even

typical. However, the overcrowding of some runs, particularly when transporting commuters to work and during recreational-type transportation was sharply criticized. For example, in Opava Okres the limiting of the number of lines resulted in savings of 416,000 km per year, but the overloading of buses was increased significantly and travel opportunities for travelers were reduced.

Municipal mass transportation in Czechoslovakia is taken care of in 20 cities by municipal transport enterprises, in another 140 cities it is taken care of by buses of the CSAD enterprise. Municipal mass transportation continues to be unsatisfactory particularly in Prague and in Bratislava. The travel speed of municipal mass transportation continues to decline, particularly as a result of using the same transport routes as other participants in highway traffic. Criticism also persists with regard to the fact that the maximum capacity of vehicles is exceeded by as much as 30 percent during peak periods; in the case of some transport media, even more. Differences in comparison to the timetable exist particularly in surface transportation networks in Prague and Bratislava and show a growing tendency. The conduct of operating employees in transportation, the cleanliness of cars and the comfort in mounting and dismounting, particularly from buses, continues to be unsatisfactory.

The research conducted by deputies fully confirmed that the necessary conditions for transporting passengers by rail have, for the time being, not been created which means that the railroads are working--with a few exceptions, under conditions which were established sometimes in the distant past. The deputies found a number of specific serious shortcomings, the removal of which is progressing extremely slowly and at an inadequate conceptual rate. Improvements in the situation are impeded primarily by long-delayed fundamental solutions.

For example, the main railroad station in Prague dispatches an average of 120 trains per day, a similar number of trains terminate at the station and 40 trains pass through the station. The deputies were surprised at the technical conditions under which these increased transport outputs are accomplished. The "heart" of the organism of this railroad station, that is to say, the transport office, is equipped with quite obsolete equipment in as far as the most important equipment for train operations is concerned. The trackage is also inadequate and obsolete, depressing conditions threaten the safety of the workers, particularly of shunters, renewal of the car inventory is inadequate, the scrapping of old cars has been virtually halted, so that, particularly on short runs involving worker trains, cars which are considerably obsolete remain in service. All of this has a negative influence, both with respect to the timetable as well as with respect to the satisfaction of travelers.

A serious problem continues to be the shortage of workers and a great deal of worker "fluctuation" with respect to the CSAD enterprise, particularly within the lower-paid professions such as the car force, maintenance and repair of rolling stock, etc. For example, the main railroad station in Prague is supposed to have 90 shunters; in fact only 40 work there. The shortage of manpower frequently leads to the acceptance of persons for this work who are unsuitable, who do not have the necessary attitudes with respect to their obligations and, particularly, with respect to the demanding and primarily expensive equipment involved.

An object of broad criticism is also the overall decline in civic discipline among travelers, their carelessness in damaging socialist property and their unwillingness to intervene or stand up for transportation personnel. This is contributed to by inadequate controls aboard trains and some other transport media, a factor which creates conditions for vandalism on the part of some travelers which, in turn, causes considerable damage to property held in socialist ownership. There are even cases where the lives and health of people are threatened. The deputies reached the conclusion that it is essential to reconsider the rules for the sale of alcoholic beverages in dining cars and in railroad restaurants because it is precisely alcohol which, during the course of the journey, frequently leads to vandalism and to various manifestations of breaches of the public peace.

Leading workers in transportation must, with initiative, utilize all available opportunities to remove disorder at railroad stations, to improve social conditions for workers, just as much as they must pay better attention to lighting of platforms, providing information to travelers, etc.

The continuity of transportation operations, the variety of work in a demanding environment and under all meteorological conditions places great demands upon workers in transportation who also have the responsibility for human lives and for transported materials. It is without doubt that the level of culture involved in travel is a significant social and political calling card of our socialist society.

During the research conducted by the deputies, an entire series of other findings and experiences were ascertained. The committees evaluated them carefully during their meetings and will make maximum use of them in the debates at the full plenary session of the people's chamber.

#### Automobile Freight Transportation Weakness

Prague HOSPODARSKE NOVINY in Czech No 39, 1985 pp 8-9

[Article by Miroslav Stepanek, engineer, and Vladimir Urvalek, engineer, Committee of People's Control of the CSSR]

[Text] The rationalization of highway freight transportation requires that cargoes be primarily transported with minimal capacities, at a higher productivity of labor, at a lower cost and with a lower consumption of automotive fuels. What have the results been thus far in this area during the current 5-year plan?

In planned enterprise transportation, by the end of 1984 the average number of trucks and specialized cargo vehicles had declined by 11,938 in comparison to 1980, so that their numbers were lower by 12.2 percent. In the remainder of enterprise transportation, the number of vehicles declined by 2,065, that is to say, by 5.2 percent.

The overall reduction of roughly 14,000 vehicles resulted in savings of more than 3 billion korunas in investment funds and producer costs will not be burdened by annual write-offs of 400 million korunas.

## More for Less

The way toward optimalization of the vehicle inventory is accompanied by the higher utilization of transportation media. On average, the government-established minimum limit for time utilization of trucks and special cargo vehicles at 54.3 percent and 1,783 hours of operation per vehicle per year was exceeded. These results were attained by all federal ministries and particularly by the commerce and construction industries under the jurisdiction of the ministries of both republics. Significantly lower fulfillments, 51.3 percent, were recorded with respect to organizations controlled by national committees.

The average output per vehicle in tons also rose; the technical status of the vehicle inventory was specifically improved; costs of operations in enterprise transportation declined, even though prices of motor fuels increased.

The required volume of transportation has been assured not only with a lower number of vehicles but through the use of less motor fuel. In 1983, vehicles in enterprise transportation consumed 12.4 percent less diesel fuel than in 1980 and the consumption of gasoline dropped by 47.8 percent.

Savings in motor fuels are caused, among others, by tightening up the regime of utilizing cargo vehicles for journeys in excess of 50 km; this step resulted in savings of more than 2 million liters of motor fuels during 1983.

## Reserves of the CSAD Enterprise

Public automotive transportation also achieved some favorable results, particularly by increasing the output within the framework of transportation systems. The share of specific transport actions in 1984, compared to 1980, increased by more than 20 percent. The share of public automotive transportation in total output recorded by highway freight transportation rose from 50.6 percent in 1980 to 53.8 percent in 1984. This indicator declined in comparison with previous years and there is the serious danger that the tasks of the 7th Five-Year Plan will not be fulfilled, since it called for attainment of a 56-percent share in 1985.

The attained contributions do not mean that the sources of reserves have been exhausted.

Public automotive transportation is not yet fully fulfilling its social mission in the manner which is specified in the "Principles of State Transportation Policy" and as is stressed in the resolutions adopted by the government of Czechoslovakia in 1979 and 1980 and in subsequent years. The increase of its share in the overall transportation output was to be accompanied by a development of transport capacities in such a way that CSAD enterprises could, in given areas, take over a far greater share of transport requirements. Nevertheless, in 1983 through 1984 the development of the vehicle inventory stagnated and there was even a decline in comparison with 1980.



One of the causes is the fact that as early as the planning stage the level of national organs was working with a lower number of vehicles in comparison with the specifications of the state plan.

We also must not forget that during the past 2 years the time utilization factor for trucks and special cargo vehicles dropped.

Additional sources of reserves remain in the possibilities of a more extensive application of progressive transport systems. This is primarily a question of the CSAD enterprise announcing regular freight runs between locations having a permanent cargo flow.

At the level of the kraj national committees and the CSAD incorrect tendencies persist with respect to establishing freight runs according to need where this is more advantageous to the CSAD enterprise interests and the requirements of society and of shippers are not more consistently followed. Frequently these lines move merchandise which, by its character, belongs on the railroad, since it has no requirements for either speed of delivery or special care during transportation. For example, the CSAD national enterprise in Bratislava introduced a regular freight run between Surany and Trutnov (566 km) by which it transports cardboard, semiconductors and electrotechnical materials in the direction of Trutnov and returns with cargoes of knitting machines, etc. Merchandise without a claim for speed and special care also is found on the line between Trencin and Kosice (460 km), between Bratislava and Prague (385 km), between Nitra and Kutna Hora (432 km), etc. In 1983, vehicles of this enterprise, plying regular freight runs, traveled a total of 97,926 km, including a full 8,697 km, that is to say, 9 percent, without a load (which required the consumption of 33,000 liters of automotive fuels).

This approach by leading workers of the CSAD enterprise causes a decline in the announcement of regular freight lines onto which all transportation demands could be concentrated within a given direction and which could obviate runs by vehicles of enterprise transportation.

Exclusive transportation under the jurisdiction of sales organizations (Feron, Technoplyn, etc.) which were expected to develop following the adoption of the Government Resolution No 292/1980 of the Czechoslovak Government and were expected to begin in 1981, have lagged in development. This type of transportation must be drawn to the attention of leading workers of organizations, of the CSAD enterprise and of leading organs of the KNV's and conditions for this type of transportation must be worked out in an accelerated manner so as to avoid the uneconomical nature of involving large numbers of vehicles of enterprise transportation, their disproportionate waiting time for cargo and the concomitant wasting of work as well as automotive fuels.

#### Transportation Is Uninteresting?

In enterprise transportation the process of rationalization is slowed primarily by a number of unfavorable influences whose causes lie primarily in the organizational area, in management and in control of work. Since 1979 the centralization of enterprise transportation has remained on the periphery of

interests evidenced by leading workers. At that, it is largely a question of a dispatcher-type method of management which safeguards the economic utilization of vehicles of several enterprises from one communal center. This form of management facilitates a larger measure of combining shipments in a given time and in a given direction, makes it possible to select the type of vehicle for a specific type of cargo and creates preconditions for the full utilization of vehicles. The centralized type of management was not adopted in the broader sense even in the very favorable conditions existing in Prague, where the individual economic production units maintain a number of organizations. The promotion of this task would be assisted by a greater degree of activity on the part of the transportation department of the NVP [expansion unknown].

It is a pity that, for the time being, and because of the economic utilization of enterprise transportation, basic conditions for planning operational transportation work have thus far not been created. Consequently, requirements for transportation are not sufficiently enforced--at least with a 1-week head start, but are listed by a number of organizations from one day to the next. A high share of this method of operation continues to be a source of wasting capacities of vehicles as well as automotive fuels.

As far back as 1983 there were not a few cases in which organizations with an operational management of enterprise transportation were achieving a utilization time coefficient of less than 50 percent. This undesirable status was determined to exist in the Motorlet national enterprise at Jinonice, at the Cenkov Engineering Plant and at Jihlavan within the jurisdiction of the AERO VHJ in Prague, which fulfilled the time utilization coefficient as a whole. Similar situations existed with respect to the Eska enterprise at Cheb, the Velamos enterprise at Petrov nad Desnou and the IGLA enterprise at Ceske Budejovice within the jurisdiction of the Prago-Union VHJ, as well as in the Kladno hard coal mine construction enterprise and others. The indicators were not fulfilled by some VHJ's such as the Chepos enterprise in Brno, the CKD enterprise in Prague, the Vzduchotechnika enterprise in Milevsko, etc., while the ZAVT VHJ in Prague attained a level of 49.2 percent and some of its enterprises--such as the ZPA Cakovice, the office machine enterprise, the ZPA DP Prague--attained a utilization of from 42 percent to 47.8 percent and the ZVT enterprise in Banska Bystrica in fact attained a utilization of only 38.3 percent.

Particularly unfavorable conditions persist with respect to organizations controlled by national committees. In the CSR the rate of fulfillment for 1984 was 53 percent and in the SSR it was even only 47 percent. That government limitations can be achieved is demonstrated by the South Bohemia Kraj which attained 54.9 percent, by South Moravia Kraj with 54.7 percent. On the other hand, time utilization in Bratislava was only 44.9 percent and in all Slovak and North Bohemian krajs was around 46.5 through 47.8 percent.

The principal reasons are primarily the fact that some enterprises controlled centrally as well as by national committees:

1. did not consistently reduce vehicle inventories as directed;

ii. did not introduce a regime which would increase the effectivity of management of operations and did not orient the internal control system toward assuring the tasks set for enterprise transportation;

iii. failed to implement a system of applying requirements for transportation with sufficient lead time and continued to leave open the possibility for calling for transportation from day to day and, toward this end, maintained excessive vehicle inventories;

iv. augmented the enterprise transportation vehicle inventories frequently even outside of balancing appropriations and often purchased vehicles without regard to the time utilization achieved.

Wherever only 50 percent of time utilization is accomplished in enterprises it is possible to specifically lower the number of trucks and special cargo vehicles.

#### A Norm Is Not a Norm

Unutilized reserves continue to exist in standards for consumption of automotive fuels. Primarily, unauthorized use is made of coefficients taking into account technical status of vehicles and of varying operational conditions. It is not an exception that use is made of the maximum coefficient and surcharges even with new vehicles or with respect to vehicles which have not even traveled half of the number of kilometers required before a general overhaul, as was determined by control findings during the first half of 1984, for example, with respect to organizations under the jurisdiction of the AERO Economic Production Unit, the CAZ and others. For example, without regard to meteorological conditions, the Motorlet national enterprise at Jinonice and the Mikro-techna enterprise in Prague and others utilized winter norms even outside of the winter season. Chiefs of enterprise transportation systems do not consistently resolve cases involving the long-lasting higher use of individual vehicles, irrespective of whether they are faced with a cause involving the driving techniques of the driver or the technical status of the vehicle. The incorrect utilization of the coefficient then leads to an unjustifiably high standard of consumption and fails to mobilize individuals for saving automotive fuels and is a very simple way of showing savings and achieving even undeserved rewards.

Untrustworthy recording of data in primary records is also connected with the consumption of automotive fuels. The cause lies primarily in the low level of management and control activities on the part of leading and responsible workers. Not even the internal control system is correctly oriented toward the activity of enterprise transportation with such an effectivity as to prevent primarily untrustworthy recording of data regarding transported tonnage, the number of kilometers traveled, the utilization time of the vehicle and the consumption of automotive fuels. Responsible workers tolerate the distortion of data and do not prosecute the perpetrators. These fundamental shortcomings are judged only to be formal and administrative defects even though, to a predominant extent, they represent data which are an essential foundation for evaluating the economy of operations in enterprise transportation. Frequently

these are cases of serious violations of work discipline, motivated by efforts to increase one's wages without having carried out the indicated amount of production. Such actions can, in their results, be qualified even as criminal acts.

#### Directions for Future Years

Newly adopted measures by the Government of Czechoslovakia, contained in the discussion report of the Committee of People's Control of Czechoslovakia in Resolution No 217/1984, proceed from the results of the verification pertaining to the fulfillment of the measures calling for the rationalization of highway freight automobile traffic. They lead to increasing the economy of this sector of transportation by tightening up the existing regime even in this 5-year plan and point the direction of progress for the years 1986 through 1990.

In all enterprises and other organizations the limit of 54 percent of time utilization for trucks and special cargo vehicles must be assured by the end of 1985; and with respect to tractors and trailers for economic production units as a whole. The purchase of new vehicles will be tied to achieving this level.

Making highway freight transportation more economical will be supported by tightening the standards for consumption of automotive fuels. The proclamation of the Federal Ministry of Transportation No 60/1981 Sbirka zákonu (Collection of Laws) will, therefore, be revised. For this year, on an experimental basis, the purposeful division of limits for automotive fuel use is being tested--independently for the needs of enterprise transportation and for technological needs. The goal is to strengthen the function of the limits in such a way that they would not, in future, facilitate further unwanted increases in output on the part of enterprise transportation.

Gradually, beginning in 1985, some new vehicles, and, beginning in 1986, all new vehicles with a capacity of more than 7 tons will be equipped with fuel consumption monitors. The Federal Ministry of Transportation will even work out a new methodology for evaluating the consumption of automotive fuels measured by flowmeters and in conjunction with data provided by tachographs.

The adopted measures must lead also to a higher share of public automotive transportation in the overall outputs of highway transportation and to an overall strengthening of the transportation capacities operated by the CSAD enterprise. This is closely connected with the need for a more rapid development of progressive transportation systems, particularly an increase in the number of regular freight runs and additional exclusive transportation routes. The anticipated increase in the limit of consumption of automotive fuels for public automotive transportation is expected to assist in this area.

In order to tighten up the rationalization measures, the Federal Ministry of Transportation will work out, during the period 1986 through 1990, a comprehensive proposal for supplemental economizing in highway freight transportation, based on the additional growth of the share of public automotive transportation in the overall outputs of highway freight transportation and a more



strict direction of the development of enterprise transportation. It is also intended to intensify the activities of profitable locations; an improvement in the quality of management is anticipated and better economy with respect to enterprise transportation, leading to the utilization of all transport media is expected in comparison to results attained during the 7th Five-Year Plan. In conjunction with the higher transport outputs of public automotive transportation operated by the CSAD enterprise, the capacity of enterprise transportation will be gradually limited.

The Presidium of the Central Committee of the CPCZ, in accepting the resolution pertaining to the results of the verification conducted by the Committee of People's Control of Czechoslovakia, stressed the necessity to mobilize the reserves as early as 1985 and, simultaneously, establish the need to specifically update the tasks of highway freight transportation during the years 1986 through 1990.

This will be particularly a question of creating conditions for public automotive transportation which is expected to economically assure the decisive share of transport operations to distances of more than 50 km during 1986 through 1990 to the extent to which it is granted jurisdiction by the "Principles of State Transportation Policy" in this regard.

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HUNGARY

SITUATION, DEVELOPMENT OF ECONOMY EXAMINED

Budapest HETI VILAGGAZDASAG in Hungarian No 37, 14 Sep 85 pp 4-5

[Article by Andras Vertes, Department Head of the National Bureau of Plans:  
"On Our Economic Situation: Plans and Facts"]

[Text] Is this a good or a bad year for the Hungarian economy? Is our position improving or deteriorating? These are not easy questions. There are still 3 1/2 months left of this year, and during this time a lot may change in the economic processes. However, the chief characteristics of this year's development are taking shape--and from these the author of this article, the department head of the National Bureau of Plans, is attempting to draw conclusions, to find a lesson.

Examining the statistics on the situation of the national economy it is clear that public and community consumption together are increasing in the amount of about 1 percent, in essence corresponding to plans. The rise in consumer prices--also in accordance with expectations--is 7 percent. For the first time in several years average real wages have not decreased. There are favorable signs for companies as well: the total national economy profit has grown comparatively fast--albeit in a differential manner--and for the first time in 6 years investments have not decreased, or only to a small extent. There were no mid-year changes and adjustments either in regulations or in the public's income. According to what we have now, after past years' higher inflation, continuous decrease in real wages and investment, adjustments to regulations for the worse, 1985 can be considered a good year.

If we not only look at what has been used, but also at what has been produced and how it has been sold, then the situation is different. The increase in industrial production so far--on an annual basis--is around 1 percent; it is far behind the planned 3 percent. The chief reason for this is the very slow growth of convertible currency export. Orders for the rest of the year indicate a higher rate of growth for production and export, but it is certain that we will not be able to meet our goals for the planned increase in production.

There are unfavorable tendencies in agriculture as well. Export prices have substantially decreased, therefore the amount of our hard currency income is smaller than last year's, in spite of the quantities sold on foreign markets.

The corn crop is smaller than previously expected. The animal stock has decreased more strongly than anticipated.

The construction industry has still not been able to make up for the production losses sustained early this year because of cold weather. Meeting investment demands in construction is still not satisfactory, although the demand has been continuously declining for several years.

During the first part of this year we already experienced in traffic considerable jams on several occasions, and the danger is increasing in the peak of transportation.

According to available data, the national economy's energy and material consumption has developed unfavorably as well. Primarily due to the extraordinarily cold weather, energy consumption during the first 6 months was up 4 percent since last year, in the second quarter it was lower than last year's. In spite of demands, coal production is experiencing a considerable lag. Therefore extra energy had to be bought with convertible currency, and this ruins our foreign trade balance by 150-220 million dollars.

Based on all this we estimate that the growth of national income will be substantially lower than the planned rate of 2.3-2.8 percent.

The chief problem is twofold: on the one hand, the effectiveness of production has developed unfavorably--productivity is barely increasing, the use of production means is decreasing, demands for specific energy, material and import have deteriorated--and on the other hand we have not reached our goals of external and internal balance. In our convertible currency trade we have so far created a small import surplus. The planned annual export surplus of 600-700 million dollars cannot be achieved partly because of the high energy import, and partly because of a deterioration in exchange ratios. Our efforts are now aimed at reaching an export surplus of about 400 million dollars, but there is a lot of uncertainty around the development of trade. In all probability the ruble trade will in essence correspond to expectations.

There are problems in the internal fiscal balance as well, because expenses in the state budget have increased, but income has not grown sufficiently.

So how can we evaluate our economic situation? The chief task facing the Hungarian national economy this year has been the beginning of the last phase of the process of consolidation that started in 1979. This phase will encompass at least three years. According to plans, it is characterized by simultaneous improvement and strengthening of the external and internal balance, its bolstering by an increased effectiveness, and a stop to the lessening of investment and real wages. In 1985, it seems, we have only been able to achieve this "lopsidedly," that is, only from the point of view of domestic consumption: its preconditions of effectiveness, balance and growth are in reality not given.

The Hungarian national economy has had to face a new problem this year. In past years domestic purchasing power quite frequently exceeded desired levels,

therefore it had to be adjusted during the year. In 1985 however, it is not the purchasing power that is greater, but the produced national income is substantially smaller than planned. The new methods of dealing with the new problem are not yet sufficiently well worked out. It is obvious that in this new situation regulations to decrease domestic consumption would hardly have positively influenced the external balance and the rate of growth.

Many phrase this question in this way: Why did the economic management procrastinate? In my opinion procrastination is not the issue. These partial measures were for the most part successful, but they could not stop the process described above.

Then why was not there a series of all-encompassing, significant measures? Because there was no bell to ring; in essence, there was nothing to touch! A possible lowering of the living standard would have contradicted efforts of social policy and demands of keeping real wages at the current level. Further decrease in investments would have threatened the preconditions of future development. And as I mentioned already, its results would not have affected this year's processes of balance and growth anyway.

So was the plan unrealistic, did the imagination of the planners transcend reality in this year that in some aspects is "festive?" Undoubtedly the possibility exist, but I would still say: the basic goals by themselves were attainable. The export surplus planned for this year basically required a repetition of the 1984 processes. The planned economic growth rate for this year had been achieved by the Hungarian economy in the very difficult years of the recent past several times, for instance in 1981-1982 and in 1984. For the first time in several years, the plan counted on a modest growth in convertible currency import, that favorably affects the rate of growth. Ultimately, the goals--in my opinion--have proved unnecessarily strained, and they did not consider the emergence of possible negative conditions. In this way there were not enough reserves in the plan, the various priorities over-defined the processes.

Two conclusions follow from this. On the one hand, we cannot count on problem-free advances in the coming years. The balance of the national economy continues to be fragile and vulnerable, even small unexpected events can have wide-range, unpleasant effects. The other conclusion: If the goals were not totally unrealistic, then we have to look for a part of the problem in the system of means.

Indeed: could we not have stimulated import and production more strongly? We certainly could have. At the expense of productivity, by increasing the fiscal deficit and by cancelling differentiating steps introduced in the management system. This boost would have been too costly for the national economy. Several people say that according to this, the whole management system is at fault, because it is incapable of reaching the goals of the national economic plan. We have to deal with this charge in detail, because it was exactly at the beginning of this year that the process of an all-encompassing modernization of the economic mechanism started.



A chief feature of this further development is the decreasing importance of individual solutions that had to be employed in past years and their gradual replacement by steadily forward-moving methods of management. A possible mid-year abandonment of regulation would no doubt have meant the complete return--in an undesirable way--to individual methods. Unfortunately even so they have stayed around, they have been resurrected and are in effect in a much broader area than is desirable. This is true even if we have to realize that the objective economic conditions, among them the facts of the development for the year of 1985, do not favor the development of progressive changes.

Undoubtedly, changes introduced in the management system too gradually and in practice not consistently enough have not yet brought results. At present the mechanism is ambiguous; it is not capable of producing forward-moving, compelling and boosting effects. It is also a fact that based on economic results--in accordance with the above--company activities were not sufficient. The conclusion from this, however, is precisely that the modernization of management should be consistently continued, indeed accelerated, if possible. And we should not conclude--because there are such views--that this process, as it has not been sufficiently successful, should be slowed down or stopped. These views have found a new slogan: they demand the stability of economic conditions. But we have to realize that if the Hungarian national economy functions in an unstable economic world environment, then the conditions of companies are going to change continuously as well. The opposite situation would take us back to the management style of the seventies that we now unequivocally deem faulty.

In the final analysis, it is advisable to evaluate the condition of the Hungarian national economy rationally, without bitterness. A few months ago we had to argue with views that heralded the end of consolidation, claiming "we are past the most difficult part of it." This opinion, not based on reality, is still alive in broad circles of the public. At the same time another extreme has cropped up; it concludes from the unfavorable processes of 1985 that the concept of the 7th 5-Year Plan has collapsed. However, it is impossible to project for 5 years from the facts of 8 months.

It is a fact that if this year's halt becomes the starting point of a permanent break, it could result in the long run in a new, very miserable situation for the development of the Hungarian economy. But there are realistic possibilities of making the unfavorable features of this year's development temporary, stopping and reversing the process of deterioration. With this we can return to the process of consolidation thought out earlier.

# The Balance of Hungarian Foreign Trade for Ruble and Non-Ruble Payments

	Million Rubles	Million Dollars
1980	-611.8	- 14.6
1981	-501.3	+ 42.2
1982	-692.4	+516.8
1983	-549.1	+658.9
1984	-229.9	+720.8
1984 1st Half	-243.0	+298.5
1985 1st Half	- 11.1	- 75.3

\*Balance counting actual transportation payments (freight fees, transfer and harbor fees, insurances.)

Photo caption [photo not reproduced]

Bitter water waiting to be exported. It is advisable to evaluate the condition of the Hungarian national economy without bitterness.

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HUNGARY

TRADE WITH INDONESIA DESCRIBED

Budapest FIGYELO in Hungarian No 38, 19 Sep 85 p 9

[Article by-rg-: "Indonesia's Place In Our Foreign Trade"]

[Text] Many articles are published these days on the emergence of new centers for world trade. Leading experts on the economy at various parts of the world are of the opinion that Europe's place in the long run is being taken over by the Pacific region; among others by the ASEAN integration that has been showing dynamic development. A rapidly growing state of this group of countries is Indonesia that--because of its significant oil production and export--is also a member of OPEC. Approximately 80 percent of its export is realized through this raw material. As a result of its well thought-out economic policy, Indonesia, in these days of tough situations for many oil producing countries because of decreasing prices and lower demand, has only to contend with a somewhat slower economic growth. Its debt is 20 billion dollars which is a rather substantial sum. In spite of this, the country is considered a good debtor.

The above already indicate that Indonesia is one of the countries of the world with which companies thinking in the long run are trying to establish closer cooperation. A noteworthy piece of data is that about half of the working capital of the Indonesian economy is foreign capital. It can be found mostly in copper mining, and the rubber and textile industries.

Increasing Shipments

Hungary--like other socialist countries--occupies for the time being a modest place in Indonesian foreign trade. The CMEA countries have a share of 0.6 percent of Indonesian export and import each, and Hungary's share is somewhere around 0.05 and 0.07 percent respectively.

It is encouraging, however, that bilateral shipments have again been increasing. After the peak of 1980-81 there was a decline, but last year we succeeded in increasing Hungarian export by 66 percent and import by 138 percent. Hungarian shipments, which have traditionally lagged behind import, reached 6.7 million dollars last year. Even with this, Indonesia is still only the 15th among Hungarian export markets in the developing world.

The value of Hungarian import last year was 13.5 million dollars. This was about 2 percent of Hungary's import from the developing world, and with it Indonesia occupies the number 6 position in this group of countries. This deficit of the Hungarian-Indonesian trade is explained by the characteristics of the product structure.

Products of the chemical industry occupied the first place in import. For instance, the greatest lot during the first eight months of this year was the polypropylene granulate sold by Chemolimpex. Also noteworthy are base materials of the pharmaceutical industry shipped by Medimpex. Products outside the chemical industry are mainly represented by spare parts for vacuum technology at Tungsram. Tension testing machines of lesser value have been shipped by the Ganz Instrument Works and electrical spare parts, relays and switches by the Ganz Kilowatt-Hour Meter Factory. Altogether 80 to 90 percent of Hungarian export consists of material-type products, which reflects neither the import capacity of the Indonesian economy, nor the shipment capabilities of Hungarian companies.

Hungarian import is even more concentrated: about 90 percent of it is made up of raw coffee. In addition, pepper, rubber, and occasionally tin, leather and textile remnants reach Hungary from Indonesia. It follows unequivocally that both export and import have to be diversified.

As a sign of changing trends a few Hungarian companies have entered into a contract in Indonesia, largely financed by the World Bank. Medicor, for instance, managed to win an \$800,000 contract; this gives them an opportunity to ship hand instruments.

As a result of winning two World Bank contracts, the Ganz Kilowatt-Hour Meter Factory may receive an order in the value of 2.1 million dollars. Both companies have stepped beyond simple sale and purchase agreements; Medicor worked out an agreement for cooperation in the local production of hypodermic needles, and the Kilowatt-Hour Meter Factory signed an agreement with a private company for local assembly work.

So far the most successful Hungarian enterprise in Indonesia has been the SGU Light Source Factory, established by Tungsram in 1978. Electric bulbs and fluorescent lamps are manufactured in the factory with Hungarian technology and on Hungarian machines. For the production Tungsram systematically ships spare parts for vacuum technology. The car lamps and high capacity light-sources of Egesult Izzo and SGU are now second only to the traditionally most popular Phillips products.

### Improving Atmosphere

The success of Tungsram, Medicor and the Ganz Kilowatt-Hour Meter Factory may serve as an example to other Hungarian companies that there is room on this market. During the past years the atmosphere of cooperation has improved and gradually the contractual framework of cooperation has taken shape as well. Trade is regulated by the agreement signed in 1974 which contains the principle of most favored nations. Payments by the companies of the two countries are made in free currency.



The meeting in November 1984 between Pal Losonczi and Suharto, the head of state, brought a decision to set up a joint committee on Hungarian-Indonesian economic cooperation. An agreement on chamber cooperation is ready to be signed as well. The improvement of the general atmosphere was helped by the decision late last year by the Indonesian government to abolish the discriminatory regulation of trade conducted with socialist countries. At the same time we should note that the Asian country has not bought establishments or equipment from socialist countries since 1964. Participation in World Bank contracts gives an opportunity to circumvent this. The latest proof of the improvement of the general atmosphere is President Suharto's visit to Budapest.

The preparedness of Hungarian companies gives a chance to become part of the developments of the Fourth 5-Year Plan period between 1984/85 and 1988/89, particularly in areas like mining, aluminum-processing industry, energetics, transportation, machinery for agriculture and the foodstuffs industry, health care, chemical industry and education. All of this requires more activity on the part of Hungarian companies: more bids, participation in tenders, improving market organization and establishing direct contacts with Indonesian companies.

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YUGOSLAVIA

CHANGES, ADDITIONS TO 1985 FEDERAL BUDGET

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 53, 4 Oct 85 pp 1439-1442

[Amendments and supplements to the 1985 Federal Budget, adopted by the SFRY Assembly in a session of the Federal Chamber on 3 October 1985]

[Text] Article 1

In the 1985 Federal Budget (SLUZBENI LIST SFRJ, No 71, 1984), in Article 1, Subparagraph 1, the amount "404,908,600,000" shall be replaced by the amount "436,620,900,000"; in Subparagraph 2, the amount "609,570,200,000" shall be replaced by the amount "690,254,500,000"; in Subparagraph 3, the amount "204,661,600,000" shall be replaced by the amount "253,633,600,000"; and in Subparagraph 4, the amount "204,661,600,000" shall be replaced by the amount "243,633,600,000"; and the subparagraph at the end shall be replaced by a semicolon.

Following Subparagraph 4, Subparagraph 5 shall be added to read as follows: "revenues from special sources as established by federal law--in the total sum of 10,000,000,000 dinars."

Article 2

In Article 3, in the Balance of Revenues and Expenditures of the 1985 Federal Budget, in Section I. Revenues, the following changes shall be made:

1) in Type 03. Turnover Tax on Products and Service Charges, in Form 03-1. Turnover Tax on Products, the amount "233,579,600,000" shall be replaced by the amount "254,798,500,000"; in the Revenue Subform 03-1-1. Portion of the Basic Turnover Tax, the amount "233,579,600,000" shall be replaced by the amount "254,798,500,000"; on the line Total Type 03, the amount "233,579,600,000" shall be replaced by the amount "254,798,500,000";

2) in Type 05. Fees, in Revenue Form 05-1. Administrative Fees, the amount "1,499,900,000" shall be replaced by the amount "3,599,900,000"; in Revenue Subform 05-1-1. Consular Fees, the amount "1,190,000,000" shall be replaced by the amount "3,290,000,000"; and on the line Total Type 05, the amount "1,500,000,000" shall be replaced by the amount "3,600,000,000";

3) in Type 06. Customs Duties and Other Imports and Storage Charges, in Revenue Form 06-1. Customs Duties, the amount "99,339,000,000" shall be replaced by the amount "102,867,900,000"; in Revenue Form 06-2. Special Import Charges and Fees, the amount "56,493,000,000" shall be replaced by the amount "58,257,500,000"; in Revenue Subform 06-2-2. Special Charge To Equalize the Tax Burden on Imported Goods, the amount "48,689,000,000" shall be replaced by the amount "50,453,500,000"; and on the line Total Type 06, the amount "155,832,000,000" shall be replaced by the amount "161,125,400,000";

4) in Type 07. Revenues Under Special Federal Statutes, Revenues of Administrative Agencies and Other Revenues, in Revenue Form 07-2. Revenues of Administrative Agencies, the amount "9,823,000,000" shall be replaced by the amount "12,123,000,000"; in Revenue Subform 07-2-1. Revenues of Federal Bodies, Agencies and Organizations, the amount "9,823,000,000" shall be replaced by the amount "12,123,000,000"; in Revenue Form 07-4. Other Revenues, the amount "4,174,000,000" shall be replaced by the amount "4,974,000,000"; and on the line Total Type 07, the amount "13,997,000,000" shall be replaced by the amount "17,097,000,000";

5) in Type 08. Revenues From Other Sociopolitical Communities, in Revenue Form 08-1. Contributions of the Republics and Autonomous Provinces, the amount "204,661,600,000" shall be replaced by the amount "243,633,600,000"; in Revenue Subform 08-1-1. Contribution of the Socialist Republic of Bosnia-Herzegovina, the amount "28,286,552,000" shall be replaced by the amount "33,708,292,000"; in Revenue Subform 08-1-2. Contribution of the Socialist Republic of Macedonia, the amount "12,066,343,000" shall be replaced by the amount "14,353,577,000"; in Revenue Subform 08-1-3. Contribution of the Socialist Republic of Slovenia, the amount "31,000,286,000" shall be replaced by the amount "36,947,095,000"; in Revenue Subform 08-1-4. Contribution of the Socialist Republic of Serbia Proper, the amount "50,707,057,000" shall be replaced by the amount "60,317,418,000"; in Revenue Subform 08-1-5. Contribution of the Socialist Republic of Croatia, the amount "52,961,346,000" shall be replaced by the amount "63,029,154,000"; in Revenue Subform 08-1-6. Contribution of the Socialist Republic of Montenegro, the amount "4,321,189,000" shall be replaced by the amount "5,144,594,000"; in Revenue Subform 08-1-7. Contribution of the Socialist Autonomous Province of Vojvodina, the amount "24,320,078,000" shall be replaced by the amount "28,938,302,000"; in Revenue Subform 08-1-8. Contribution of the Socialist Autonomous Province of Kosovo, the amount "998,749,000" shall be replaced by the amount "1,195,168,000"; and on line Total Type 08, the amount "204,661,600,000" shall be replaced by the amount "243,633,600,000";

6) following Type 08, there shall be a new type, reading as follows: "Type 09. Loans, Credits and Other Resources of the Current Year, Revenue Form 09-5. Credits Received, amount 10,000,000,000 dinars, Revenue Subform 09-5-1. Resources of the National Bank of Yugoslavia, amount 10,000,000,000, Total Type 09. amount 10,000,000,000";

7) in the line Total Revenues for Distribution, the words "(Types 01 through 08)" shall be replaced by the words "(Types 01 through 09)"; and the amount "609,570,200,000" shall be replaced by the amount "690,254,500,000".

In Section II. Distribution of Revenues, the following changes and additions shall be made:

- 1) in Basic Purpose 01. Funds for Operation of Administrative Agencies, in Distribution Group 01-2. Funds for Material Costs, the amount "1,721,636,000" shall be replaced by the amount "1,967,636,000"; in Distribution Group 01-3. Funds for Special Purposes, the amount "26,455,914,000" shall be replaced by the amount "31,436,914,000"; in Distribution Subgroup 01-3-2. Other Special Purposes, the amount "11,114,464,000" shall be replaced by the amount "15,378,064,000"; in Distribution Subgroup 01-3-3. Funds for General Public Purposes, the amount "14,734,947,000" shall be replaced by the amount "15,452,347,000"; in Distribution Group 01-4. Noneconomic Investments and Equipment, the amount "3,566,000,000" shall be replaced by the amount "4,566,000,000"; and on line Total Basic Purpose 01, the amount "44,290,000,000" shall be replaced by the amount "50,517,000,000";
- 2) in Basic Purpose 02. National Defense and Social Self-Protection, in Distribution Group 02-1. Funds for the Yugoslav People's Army, the amount "391,344,000,000" shall be replaced by the amount "459,609,300,000"; in Distribution Subgroup 02-1-1. Funds for the Yugoslav People's Army in the Current Year, the amount "388,481,500,000" shall be replaced by the amount "456,746,800,000"; and on the line Total Basic Purpose 02, the amount "391,344,000,000" shall be replaced by the amount "459,609,300,000";
- 3) in Basic Purpose 04. Funds Transferred to Other Sociopolitical Communities, in Distribution Group 04-2. Supplemental Funds, the amount "50,678,200,000" shall be replaced by the amount "52,734,200,000"; in Distribution Subgroup 04-2-1. Supplemental Funds to the Budgets of the Republics and Autonomous Provinces, the amount "50,678,200,000" shall be replaced by the amount "52,734,200,000"; and on line Total Basic Purpose 04, the amount "50,678,200,000" shall be replaced by the amount "52,734,200,000";
- 4) in Basic Purpose 05. Obligations To Finance Social Services, in Distribution Group 05-9. Old-Age and Disability Insurance, the amount "88,796,500,000" shall be replaced by the amount "91,749,500,000"; and on line Total Basic Purpose 05, the amount "106,907,100,000" shall be replaced by the amount "109,905,100,000";
- 5) in Basic Purpose 06. Other General Public Purposes, in Distribution Group 06-2. Sociopolitical Organizations, the amount "1,311,800,000" shall be replaced by the amount "1,449,800,000"; and on line Total Basic Purpose 06, the amount "10,193,800,000" shall be replaced by the amount "10,331,800,000";
- 6) in Basic Purpose 08. Funds in Time Deposits and Set Aside, Obligations and Other Purposes of Interest to the Federation, in Distribution Group 08-4. Obligations Under Credits, the amount "5,744,800,000" shall be replaced by the amount "6,744,800,000"; in Distribution Subgroup 08-4-2. Long-Term Obligations From Past Years, the amount "5,744,800,000" shall be replaced by the amount "6,744,800,000"; and on line Total Basic Purpose 08, the amount "5,744,800,000" shall be replaced by the amount "6,744,800,000";



7) in the line Total Revenues Distributed and Undistributed, the amount "609,570,200,000" shall be replaced by the amount "690,254,500,000".

### Article 3

In Article 4, the amount "609,570,200,000" shall be replaced by the amount "690,254,500,000";

1) in Section 1. State Presidency of the Socialist Federal Republic of Yugoslavia, Title 1. State Presidency, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 12. Costs of manufacturing metals and decorations, the amount "22,000,000" shall be replaced by the amount "30,000,000"; on line Total Basic Purpose 01, the amount "233,384,000" shall be replaced by the amount "241,384,000"; on line Total Title 1, the amount "233,384,000" shall be replaced by the amount "241,384,000"; and on line Total Section 1 (Items 1 through 27), the amount "437,060,000" shall be replaced by the amount "445,060,000";

2) in Section 2. SFRY Assembly, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 29. Funds for material costs, the amount "4,900,000" shall be replaced by the amount "8,900,000"; in Item 31. Postal, telegraph and telephone service, the amount "16,684,000" shall be replaced by the amount "30,684,000"; in Item 34. Operating costs of delegates and assembly bodies, the amount "48,000,000" shall be replaced by the amount "68,000,000"; in Item 39. Costs of parliamentary delegations, the amount "15,840,000" shall be replaced by the amount "21,840,000"; in Item 44. Costs of maintaining the motor pool, the amount "18,480,000" shall be replaced by the amount "33,480,000"; in Item 45. Print shop costs, the amount "13,676,000" shall be replaced by the amount "28,676,000"; and in Item 48. Office supplies, small stock items, paper and other expendables, the amount "59,400,000" shall be replaced by the amount "69,400,000". On line Total Basic Purpose 01, the amount "1,024,041,000" shall be replaced by the amount "1,108,041,000"; and on line Total Section 2 (Items 28 through 54), the amount "1,024,041,000" shall be replaced by the amount "1,108,041,000";

3) in Section 4. Federal Executive Council, Title 1. Federal Executive Council, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 78. Printing and copying of materials for meetings, the amount "24,000,000" shall be replaced by the amount "34,000,000"; in Item 101. Contribution of the SFRY to the Organization of the United Nations for Food and Agriculture (FAO), the amount "253,014,000" shall be replaced by the amount "368,614,000"; in Item 105. Funds to finance scientific research projects and scientific studies, the amount "80,000,000" shall be replaced by the amount "130,000,000"; in Item 107. Funds for operation of the "Josip Broz Tito" Memorial Center, the amount "120,000,000" shall be replaced by the amount "138,000,000"; and in Item 108. Noneconomic investments and equipment, the amount "3,566,000,000" shall be replaced by the amount "4,566,000,000". On line Total Basic Purpose 01, the amount "4,716,817,000" shall be replaced by the amount "5,910,417,000"; on line Total Title 1, the amount "4,716,817,000" shall be replaced by the amount "5,910,417,000"; and on line Total Section 4 (Items 66 through 119), the amount "4,830,509,000" shall be replaced by the amount "6,024,109,000";

4) in Section 11. Federal Secretariat for Foreign Affairs, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 195. Membership dues in international organizations, the amount "756,056,000" shall be replaced by the amount "906,056,000"; in Item 199. Expenditures for personnel and materials of diplomatic and consular missions abroad, the amount "11,579,784,000" shall be replaced by the amount "11,614,784,000". On line Total Basic Purpose 01, the amount "14,439,112,000" shall be replaced by the amount "14,624,112,000"; and on line Total Section 11 (Items 181 through 209), the amount "14,439,112,000" shall be replaced by the amount "14,624,112,000";

5) in Section 12. Federal Secretariat for National Defense, Basic Purpose 02--National Defense and Social Self-Protection, in Item 210. Funds for the Yugoslav People's Army in the current year, the amount "388,481,500,000" shall be replaced by the amount "456,746,800,000"; on line Total Basic Purpose 02, the amount "391,344,000,000" shall be replaced by the amount "459,609,300,000"; and on line Total Section 12 (Items 210 and 211), the amount "391,344,000,000" shall be replaced by the amount "459,609,300,000";

6) in Section 14. Federal Secretariat for Finance, Title 1. Secretariat, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 242. Funds for alignment of personal incomes in federal bodies and agencies, the amount "2,582,000,000" shall be replaced by the amount "5,947,000,000"; and on line Total Basic Purpose 01, the amount "3,249,188,000" shall be replaced by the amount "6,614,188,000".

In Basic Purpose 04--Funds for Transfer to Other Sociopolitical Communities, in Item 250. Supplemental funds to the Socialist Autonomous Province of Kosovo, the amount "23,412,200,000" shall be replaced by the amount "25,468,200,000"; and on line Total Basic Purpose 04, the amount "50,678,200,000" shall be replaced by the amount "52,734,200,000".

In Basic Purpose 05--Obligations To Finance the Social Services, in Item 254. Funds for adjustment of military pensions, the amount "5,257,000,000" shall be replaced by the amount "8,255,000,000"; and on line Total Basic Purpose 05, the amount "30,529,400,000" shall be replaced by the amount "33,527,400,000".

In Basic Purpose 08--Funds in Time Deposits, Set Aside, Obligations and Other Needs of Interest to the Federation, in Item 262. Obligations of SAP Kosovo assumed for repayment of the foreign loan for the "Ibar-Lepenac" Hydropower System, the amount "898,900,000" shall be replaced by the amount "1,098,900,000"; in Item 264. Funds to cover differences in rates of exchange from past years, the amount "1,401,600,000" shall be replaced by the amount "1,654,600,000"; in Item 266. Contribution to the International Development Association (IDA), the amount "29,000,000" shall be replaced by the amount "156,000,000"; in Item 269. Special increase of the SFRY's subscription to the capital of the International Bank for Reconstruction and Development, the amount "395,400,000" shall be replaced by the amount "535,400,000"; in Item 270. General augmentation of the capital of the International Bank for Reconstruction and Development, the amount "811,500,000" shall be replaced by the amount "1,091,500,000"; and on line Total Basic Purpose 08, the amount "5,744,800,000" shall be replaced by the amount "6,744,800,000".

On line Total Title 1, the amount "99,495,888,000" shall be replaced by the amount "108,914,888,000"; and on line Total Section 14 (Items 231 through 281), the amount "99,673,151,000" shall be replaced by the amount "109,092,151,000";

7) in Section 18. Federal Secretariat for Information, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 390. Foreign radio-broadcasting, the amount "182,000,000" shall be replaced by the amount "217,000,000"; in Item 392. Wire services, the amount "424,450,000" shall be replaced by the amount "629,950,000"; in Item 399. Nationwide defense and social self-protection in the public information system, the amount "200,000,000" shall be replaced by the amount "513,900,000"; on line Total Basic Purpose 01, the amount "1,205,898,000" shall be replaced by the amount "1,760,298,000"; and on line Total Section 18 (Items 376 through 401), the amount "1,205,898,000" shall be replaced by the amount "1,760,298,000";

8) in Section 21. Federal Committee for Transportation and Communications, Title 1. The Committee, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 471. For safety of navigation in maritime transportation, the amount "150,000,000" shall be replaced by the amount "180,000,000"; in Item 472. For safety of navigation in river transportation, the amount "200,000,000" shall be replaced by the amount "280,000,000"; on line Total Basic Purpose 01, the amount "978,739,000" shall be replaced by the amount "1,088,739,000"; and on line Total Title 1, the amount "978,739,000" shall be replaced by the amount "1,088,739,000".

In Title 2. Federal Administration for Flight Control, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 478. Operation of facilities, the amount "250,000,000" shall be replaced by the amount "370,000,000"; in Item 493. Postal, telegraph and telephone service, the amount "90,000,000" shall be replaced by the amount "105,000,000"; on line Total Basic Purpose 01, the amount "1,704,973,000" shall be replaced by the amount "1,839,973,000"; and on line Total Title 2, the amount "1,704,973,000" shall be replaced by the amount "1,839,973,000".

On line Total Section 21 (Items 452 through 536), the amount "2,828,251,000" shall be replaced by the amount "3,073,251,000";

9) in Section 22. Federal Committee for Labor, Health and Social Welfare, Title 1. The Committee, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 559. Certain projects in the field of health care which have a direct bearing on performance of the Federation's function, which are to be contracted out to the Federal Bureau for Health Care, the amount "23,500,000" shall be replaced by the amount "31,500,000"; on line Total Basic Purpose 01, the amount "689,224,000" shall be replaced by the amount "697,224,000"; on line Total Title 1, the amount "689,224,000" shall be replaced by the amount "697,224,000"; and on line Total Section 22 (Items 537 through 580), the amount "746,653,000" shall be replaced by the amount "754,653,000";

10) in Section 25. Federal Customs Administration, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 606. Funds for material

costs, the amount "682,700,000" shall be replaced by the amount "802,700,000"; on line Total Basic Purpose 01, the amount "3,858,890,000" shall be replaced by the amount "3,978,890,000"; and on line Total Section 25 (Items 605 through 614), the amount "3,858,890,000" shall be replaced by the amount "3,978,890,000";

11) in Section 27. Federal Bureau for Statistics, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 632. Costs of the automatic data processing center, the amount "8,000,000" should be replaced by the amount "58,000,000"; in Item 633. Costs of publishing activity, the amount "10,000,000" should be replaced by the amount "50,000,000"; on line Total Basic Purpose 01, the amount "935,871,000" shall be replaced by the amount "1,025,871,000"; and on line Total Section 27 (Items 626 through 639), the amount "935,871,000" shall be replaced by the amount "1,025,871,000";

12) in Section 31. Federal Bureau for Patents, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 692. Costs of printing patent documents and documentation, the amount "7,800,000" shall be replaced by the amount "17,800,000"; on line Total Basic Purpose 01, the amount "112,542,000" shall be replaced by the amount "122,542,000"; and on line Total Section 31 (Items 690 through 708), the amount "112,542,000" shall be replaced by the amount "122,542,000";

13) in Section 32. Federal Bureau for Weights and Measures and Precious Metals, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 710. Funds for material costs, the amount "14,300,000" shall be replaced by the amount "21,300,000"; in Item 717. Traveling expenses in Yugoslavia, the amount "25,000,000" shall be replaced by the amount "30,000,000"; in Item 725. Costs of maintaining trucks, the amount "4,150,000" shall be replaced by the amount "6,150,000"; in Item 731. Costs of printing forms related to realizing revenues, the amount "4,550,000" shall be replaced by the amount "6,550,000"; in Item 734. Addition to and replacement of equipment, the amount "15,600,000" shall be replaced by the amount "30,600,000"; on line Total Basic Purpose 01, the amount "347,927,000" shall be replaced by the amount "378,927,000"; and on line Total Section 32 (Items 709 through 738), the amount "347,927,000" shall be replaced by the amount "378,927,000";

14) in Section 35. Department for Rendering Services To Meet the Entertainment Needs of Federal Bodies and Agencies, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 761. Material costs and costs of maintaining facilities and equipment, the amount "290,000,000" shall be replaced by the amount "395,000,000"; in Item 762. Costs of operation and maintenance of the special train, the amount "29,640,000" should be replaced by the amount "59,640,000"; on line Total Basic Purpose 01, the amount "644,046,000" shall be replaced by the amount "779,046,000"; and on line Total Section 35 (Items 760 through 766), the amount "644,046,000" shall be replaced by the amount "779,046,000";

15) in Section 38. Administration for Management of Office Buildings of Federal Bodies and Agencies, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 777. Funds for material costs, the amount "13,000,000"



shall be replaced by the amount "23,000,000"; in Item 778. Overhead expenses related to maintenance of buildings and equipment, the amount "500,000,000" shall be replaced by the amount "580,000,000"; in Item 784. Contribution for use of land for construction, the amount "25,000,000" shall be replaced by the amount "113,000,000"; on line Total Basic Purpose 01, the amount "1,055,434,000" shall be replaced by the amount "1,233,434,000"; and on line Total Section 38 (Items 776 through 787), the amount "1,055,434,000" shall be replaced by the amount "1,233,434,000";

16) in Section 39. Garage of Federal Bodies and Agencies, Basic Purpose 01--Funds for Operation of Administrative Agencies, in Item 791. Purchase of spare parts and expenditures for miscellaneous purposes, the amount "75,000,000" shall be replaced by the amount "95,000,000"; on line Total Basic Purpose 01, the amount "241,245,000" shall be replaced by the amount "261,245,000"; and on line Total Section 39 (Items 788 through 794), the amount "241,245,000" shall be replaced by the amount "261,245,000";

17) in Section 41. Supplemental Funds to Sociopolitical and Public Organizations, Basic Purpose 06--Other General Public Purposes, in Item 809. Financing the work program of the Federal Conference, the amount "235,577,000" shall be replaced by the amount "245,577,000"; in Item 816. Financing the work program of the Conference, the amount "120,600,000" shall be replaced by the amount "128,600,000"; in Item 819. For the newspaper MLADOST, the amount "29,900,000" shall be replaced by the amount "39,900,000"; in Item 823. Financing the work program of the Federation, the amount "55,400,000" shall be replaced by the amount "75,400,000"; in Item 824. For the newspaper 4 JUL, the amount "26,000,000" shall be replaced by the amount "36,000,000"; in Item 834. Expenses of Yugoslavia's international activities in the field of physical education, the amount "212,336,000" shall be replaced by the amount "272,336,000"; in Item 835. Extraordinary programs of sporting events, being held only in 1985, the amount "68,009,000" shall be replaced by the amount "88,009,000"; on line Total Basic Purpose 06, the amount "1,311,800,000" shall be replaced by the amount "1,449,800,000"; and on line Total Section 41 (Items 804 through 838), the amount "1,311,800,000" shall be replaced by the amount "1,449,800,000".

#### Article 4

These amendments and supplements shall take effect on the day after publication in SLUZBENI LIST SFRJ.

7045

CSO: 2800/17

YUGOSLAVIA

NINE-MONTH TRADE RESULTS; COSTS OF ENERGY, EQUIPMENT

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 9 Oct 85 p 10

[Article by Milorad Urosevic: "Better Ratio of Exports to Imports Than Last Year"]

[Excerpt] Over the period under review slightly less than \$1.5 billion were paid to import crude petroleum, which means that without that item exports would have been about \$300 million larger than imports, that is, they would have exceeded purchases abroad by 4 percent. We should immediately emphasize that we cannot do without imported petroleum, since there is not enough within the country, and not enough thought was given to replacing it with raw energy materials from domestic sources back when it should have been done, but it is more than obvious that its imports can be reduced and that its price can be brought into realistic limits. This way the country's economy, especially the segment oriented toward exports, is setting aside foreign exchange at great sacrifice to import petroleum, and then, after it is refined into petroleum products and the price is set on the cost principle, it is subjected to the immense burden of fixed costs and other obligations of refinery capacity, which is twice as great as what the country requires, and objectively it is being utilized at just slightly more than 40 percent. Under those conditions, without intention whatsoever to defend the many inefficiencies in certain other branches of the economy, it really is difficult to accept the demand that the economy export much more than it is now achieving.

Large Regional Differences

If the total results achieved in this period can be regarded as after all satisfactory, in spite of all the well-known circumstances, the same cannot be said of the way in which they were achieved, that is, of their orientation to particular regions of the world. Here we should bear in mind the constantly reiterated need to intensify trade with certain countries and regions where the results are increasingly unfavorable and the consequences increasingly serious for domestic exporters and for the economy as a whole.

Thus in the first 9 months of this year visible exports to the advanced countries were valued at \$2,626 million, which is 6 percent more than at the same time last year, while imports amounted to \$3,857 million, which is 11 percent more; this results in a negative difference of \$1,231 million, which is all of

\$229 million more than at the same time last year. Only 68.10 dinars of exports are being achieved in this case for every 100 dinars of imports, as against 71.20 dinars over the same period of last year. Results like this cannot by any means be attributed solely to the alleged lack of motivation on the part of exporters, although even that cannot be altogether excluded, but rather they should be attributed to objective circumstances--among which the impact of the imported petroleum is only one of many--which tend to increase production costs and diminish the competitiveness of domestic exporters and producers.

In trade with the developing countries the situation is still less favorable. Visible exports were worth \$1,069 million, as against \$1,224 million at the same time last year, while \$1,922 million were paid for imports, as against \$1.2 billion [original reads "\$12 million"] over the same months of last year. Thus for every 100 dinars of imports there were only 55.60 dinars of exports, as against 64 dinars last year, which means a deficit of \$853 million, which is \$167 million, or 24 percent, more than at the same time last year, for which it is truly difficult to find a valid justification.

The only "bright spot" in trade is the trade with the socialist countries, where the results have been extremely favorable. Visible exports had a value of \$3.69 billion, while imports were worth \$2.8 billion, which means that for every 100 dinars of imports exports amounted to 132 dinars. A positive difference of \$894 million was achieved, which is \$532 million, or 2.47-fold, more than in the same months of last year. This not only covered the deficit in trade with the developing countries, but even left some \$40 million to subtract from the negative difference in trade with the advanced countries, which deserves more detailed analysis.

[Box, middle column]

#### Energy Raw Materials

The amount paid to import raw energy: 2.78 million tons of coking coal, 6.55 million tons of petroleum and 1,075 million tons of petroleum products, was \$1,878 million, which is 25.4 percent of total exports. All exporters set aside a certain percentage of foreign exchange for those imports, and then the petroleum is refined in the three republics and Vojvodina which have refineries, and thereafter it is sold to domestic consumers at prices formed on the cost principle.

[Box, right column]

#### The Amount Paid for Equipment

The amount paid to import equipment in this period was \$573 million, which is 7.8 percent of the foreign exchange realized from exports. The leader was the Federation, with \$109 million of equipment imports, and then Bosnia-Herzegovina with \$107 million, Serbia proper with \$100 million and Slovenia with \$92 million. The other three republics and both provinces imported equipment worth only \$165 million over that same time.

YUGOSLAVIA

REPUBLIC RESULTS IN CONVERTIBLE, CLEARING TRADE

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 10 Oct 85 p 3

[Article by Milorad Urosevic]

[Excerpt] Over the period under review visible exports to the convertible market were worth \$4,578 million, which is an increase of \$118 million over the same months of last year. At the same time \$5,551 million were paid for imports, which is an increase of \$331 million. In other words, imports have been growing faster than exports, so that for 100 dinars spent to purchase goods on the convertible market 82.50 dinars were obtained from exports, while over 9 months of last year this relationship was 85.40 dinars of exports for every 100 dinars of imports. This kind of relationship has resulted from a negative difference of \$973 million, as against \$760 million at this time last year, which is a growth of \$213 million, which is the largest negative item in trade to date.

In the currency area where trade is based on bilateral agreements an appreciable improvement was recorded both because imports were up and because imports were reduced to realistic limits, so that the negative difference was reduced to less than two-fifths of what it was in the same months of the previous year. Visible exports were worth \$2,806 million, which is all of \$364 million greater than at this time last year, while imports increased just slightly. Expenditures for purchases amounted to \$3,023 million, just \$14 million more than in the same period of last year. For every 100 dinars of imports goods worth 92.80 dinars were sold, as against 81.20 dinars at this time last year, which suggests the conclusion that by the end of the current year we can expect a complete balance between exports and imports. The deficit on that market was reduced to \$217 million, that is, barely 38.3 percent of what it was last year, when it amounted to \$567 million, or \$350 million more.

Viewed in relative terms, 62 percent of exports over 9 months of this year went to the convertible area, and 38 percent to the bilateral payments area, while last year this ratio was 64.6 percent to the convertible area and 35.4 percent to the bilateral payments area. All of this is a deterioration to the detriment of the former and to the advantage of the latter--the opposite, in other words, of what is desired. At the same time 64.7 percent of all imports were purchases on the convertible market, and 35.3 percent came from the market of the bilateral payments area, while last year at this time the ratio was



63.4 from the convertible area and 36.6 from the bilateral payments area. In other words this means that imports from the bilateral payments area were reduced to a much more realistic level, dependent upon the funds realized through exports, but this cannot be said by any means of imports from the convertible area. A close look should be given as to whether one of the reasons for this is the fact that foreign exchange realized in the West is regarded as the "property" of the final exporters, for them to dispose of at their own discretion and to purchase what they can sell within the country at the greatest profit; the figures given, which are irrefutable facts, do suggest such a conclusion.

The various sociopolitical communities have been making widely varying contributions to the results achieved in the breakdown by payments areas, which cannot by any means be the consequence of objective circumstances alone. This can best be seen from the share of the economies of the various republics and provinces in the deficit and surplus both in terms of total trade and also by payments areas, for which it is difficult to spot a valid explanation.

In total trade Bosnia-Hercegovina, Montenegro, Croatia, Macedonia, Vojvodina and the Federation together recorded a deficit of \$1,335 million, while Serbia proper, Slovenia and Kosovo together had a surplus of \$144 million, so that the national deficit was reduced to \$1,191 million. On the convertible market only Slovenia and Bosnia-Hercegovina recorded a surplus, together amounting to \$136 million, while the other republics, both provinces and the Federation had a deficit of \$1,109 million, so that the final negative figure was \$973 million. This separation was still more pronounced in trade with the bilateral payments area. Bosnia-Hercegovina, Macedonia, Slovenia, Vojvodina and the Federation had a deficit of \$646 million, while Croatia, Montenegro, Serbia proper and Kosovo recorded a surplus amounting to all of \$428 million, so that--if we cancel out the pluses and minuses--at the national level only \$218 million were left as the uncovered deficit.

One might conclude from this attitude toward trade with the bilateral payments market, which is simply regarded as "less important," since the difficulties resulting from the need to repay debts on the convertible market are very pronounced, that this trade with the bilateral payments countries has secondary importance, which does not in the least correspond to the truth. One of the key indicators--imports of raw energy--offers evidence to that effect.

The amount spent to import raw energy from the convertible market was \$894 million, 45 percent of the total exports to that region and 19.5 percent of the foreign exchange realized from those exports. At the same time the amount paid to import the same raw materials from countries with which we have a bilateral payments agreement was \$984 million, which is 55 percent of total exports to that market and 35.1 percent of the foreign exchange realized from those exports.

7045

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YUGOSLAVIA

STATISTICAL DATA ON PRIVATE FARMING, 1957-1981

Belgrade GLASNIK POLJOPRIVREDNE PROIZVODNJE, PRERADE I PLASMANA in Serbo-Croatian No 6, Jun 85 pp 24-30

[Article by Dr Sava Ilic: "The Place of Private Farming in Yugoslavia's Total Agriculture"]

[Text] Viewed from the standpoint of ownership, Yugoslavia's agriculture is divided into private and social, while from the economic and production standpoint it is divided into small-scale and large-scale production for the market. In the first case the differences between them come down to private or social ownership of the land and the means of production. The question, however, is whether the term "private agriculture" corresponds accurately to the term "private ownership," since the two expressions do not always have the same meaning; rather they often have different and sometimes even opposite meanings. Although it is in the private property sector, private agriculture is social, that is, socialized, in many respects, and one reason is because production is by nature for the market, and in that way becomes a part of the social division of labor.

As a consequence, and thanks also to cooperation with socialized agriculture and indeed even more broadly, its production process is socialized to a great extent in spite of private ownership. In that sense it would be private only insofar as it is subsistence farming, and then would more consistently be referred to as peasant agriculture, a term that would be applied with reservations. Even the property definitions used as the principal criteria of the divisions are close to one another, since on the one hand we are dealing with unity of labor and the means of labor, that is, the conditions, while on the other we are dealing with unity of the results of labor. This feature which they have in common divides the former from capitalist ownership and the latter from state ownership.

It seems to us more correct to make the distinction between small-scale and large-scale farming for the market. Nevertheless, here again we are dealing with quantitative peculiarities and to a lesser extent with qualitative features. It is mainly a question of greater or lesser centralization and/or concentration of "capital," mainly because of the difference in the size of the landholding and the adequacy of its equipment. On that basis and with respect to the type of ownership small-scale agriculture belongs to production

for the market pure and simple, and large-scale farming to socialist commodity production. Incidentally, both activities, precisely because they are agricultural, encompass both production for the market and consumption in kind. In the first case the farm and the household are joined together, while in the second they are separate. Those are the reasons why private agriculture, as peasant or small-scale and simple commodity production, necessitates a considerably higher level of consumption in kind, and that in dual form: through consumption of the farm's own products in the household and on the farm. Socialized agriculture, by contrast, has a far lower level of consumption in kind, exclusively in the form of productive consumption on the farm.

Aside from those we have mentioned, there are also other similarities, but also peculiarities of the two sectors of agriculture. To that extent it is more difficult to opt for one or for any terminological label and verbal differentiation. Each of them represents only a separate component or subrange of what the terms signify. Taking all this into account, we will on this occasion use the expression "private" and "socialized" agriculture. Using the statistical data from statistical bulletins of the Federal Bureau of Statistics, our purpose is to survey the place, and thereby also the significance, of private agriculture in Yugoslavia's total agriculture. It is our assumption, based on the empirical evidence which has to be verified, that society has not been paying due attention to private agriculture in spite of its dominance in resources and total results of production.

#### The Land Stock and the Manner of Its Use

The place and importance of private agriculture are shown most vividly by its share in the total land stock, since this is the principal condition for agricultural production (Table 1). This method also offers an indirect measurement of the level of direct socialization of land ownership, which is one of the main goals of Yugoslav farm policy in the direction of agricultural development and socialist transformation of agriculture. Actually we are referring to the land used by private farms which does not involve socialized leasing of private land; the more there is of the latter, the less socialization on an ownership basis there will be. But socialization through ownership is not on this occasion the topic we are looking at.

Table 1. Share of Private Farms in the Land Stock Used, in percentage

<u>Period</u>	<u>Farmland</u>	<u>Cropland</u>	<u>Plowland and Gardens</u>
1957-1961	76.8	90.8	90.0
1962-1966	72.0	86.9	85.8
1967-1971	70.1	85.5	83.9
1972-1976	69.7	84.9	82.8
1977-1981	68.9	83.9	81.7
1957-1981	71.5	86.4	84.9
1957	79.0	92.0	91.4
1981	68.3	83.1	81.3

**Table 2. Share of Private Farms in the Use of Farmland and Cropland by Types of Use, in percentage**

<u>Period</u>	<u>Pasturage</u>	<u>Pools, Reeds and Fishponds</u>	<u>Orchards</u>	<u>Vineyards</u>	<u>Meadows</u>
1957-1961	47.1	40.8	93.2	91.6	93.1
1962-1966	37.8	18.3	90.0	89.3	91.0
1967-1971	35.5	16.8	90.2	88.9	90.2
1972-1976	36.1	12.9	91.4	87.7	90.7
1977-1981	35.8	12.4	91.3	84.8	89.2
1957-1981	38.6	19.5	91.2	88.5	90.8
1957	51.4	51.5	94.6	92.6	93.7
1981	35.5	11.5	90.8	82.7	87.6

**Table 3. Share of Private Farms in Use of Plowland and Gardens by Types of Use, in percentage**

<u>Period</u>	<u>Grain</u>	<u>Industrial Crops</u>	<u>Vegetables</u>	<u>Animal Feed Crops</u>
1957-1961	91.4	77.8	96.8	76.9
1962-1966	88.0	62.9	96.9	78.7
1967-1971	85.0	56.7	97.5	97.8
1972-1976	83.1	54.6	97.5	90.4
1977-1981	82.6	44.7	97.2	91.8
1957-1981	86.3	57.9	97.2	85.7
1957	92.2	82.3	96.0	80.4
1981	82.4	38.7	97.3	91.7

**Table 4. Pattern of Use of Plowland in the Private Sector of Agriculture, in percentage**

<u>Period</u>	<u>Grain</u>	<u>Industrial Crops</u>	<u>Vegetables</u>	<u>Animal Feed Crops</u>
1957-1961	80.4	4.1	7.7	7.8
1962-1966	76.9	4.0	9.1	10.1
1967-1971	73.8	3.9	10.3	12.0
1972-1976	71.0	4.1	11.2	13.8
1977-1981	67.2	4.2	11.9	15.9
1957-1981	74.3	4.1	9.9	11.7
1957	81.5	4.4	7.4	6.7
1981	67.3	3.8	12.2	16.7

It is significant that the share of private farms in the land stock is quite preponderant, but that it has been constantly decreasing, although slowly and



more slowly, and this applies to all three principal and most important types of use. The lowest representation is for farmland, and the highest for cropland and also plowland, which shows that private agriculture occupies that land most valuable from the agricultural standpoint and that it is making the most favorable use of the latter. The fastest rate of decline is for the lowest share, and the slowest rate applies to the largest share. That is, over a period of 25 years the share of the private sector in farmland has dropped 10.7 percent, its share of cropland 8.9 percent, and its share of plowland 10.1 percent. This means that the manner of use of private land has been improving from one period to the next by comparison with socialized land. In other words, pastures, pools, reeds and fishponds have more often and to a greater extent been part of socialization of farmland, while the same can be said of plowland as part of cropland. The figures in Table 2 show to what extent this assertion is valid.

As we see, in 1957 private farms had half of the pastures, while in 1981 they had one-third. At the same time there has also been a decline in their share of the pools, reeds and fishponds from one-half to one-tenth. With respect to cropland, vineyards have recorded the smallest share and also the fastest drop, a decline that has been continuous, while the orchards of the private sector show the largest share and the slowest decline. Much the same can be said of the share of private farms in the manner of use of plowland by types (Table 3).

Incidentally, the socialization of the way in which land is used through purchase and leasing by society has been taking place slowly, and in the seventies the pace even slowed down. Land policy, as a part of farm policy, has not yielded the anticipated results in this respect, since they have been less than necessary and possible. It is well known that the offering of private land for sale was relatively great until the mid-seventies, and the prices were relatively low, and yet the opportunities for expanding the socialized sector of agriculture were allowed to slip by.

The share of private farms in total area planted to grain has been declining at a slower rate, and that planted to industrial crops at a faster rate; the area planted to vegetables has mainly been staying the same, and the area planted to animal feed crops first increased and then declined and stayed at the same level. The trend of the share in the area planted to grain approximates the trend of the share in plowland even with respect to the rate, in the case of industrial crops it is similar only in direction, while in the case of vegetables and animal feed crops there is no correlation whatsoever. These relations result from the pattern of use of plowland in both the private and the socialized sector (Table 4).

Private agriculture has been constantly planting less and less plowland to grain, maintaining the same level of area planted to industrial crops, and increasing the area planted to vegetables and--at the fastest rate--the area planted to animal feed crops. On this basis we can conclude that its production of field crops and vegetables is becoming more intensive as time passes. This is not the case with field crop and vegetable production in the socialized sector. On the average it is perhaps more intensive because of the large

and over time ever greater share of industrial crops, but at the same time the share of grain is increasing, while that of vegetables and animal feed crops is dropping. Accordingly, while private farms are from one period to the next showing an orientation toward vegetables and animal feed crops, the socialized farms have been pushing grain and industrial crops. The reason for this choice lies in the higher degree of mechanization of the production process of grain and industrial crops, which requires a larger share of past labor at the expense of current labor, which suits the socialized farms, but not the private farms. The highly developed processing capacities of the relevant food processing industry also have a bearing here, and the socialized farms have a greater obligation to supply them raw materials. It will be evident that a drop in the livestock population in the socialized sector is involved.

#### Technical and Technological Development of Plant Production and the Livestock Population of Private Farms

The primacy of private agriculture is manifested in its use not only of nature-given, but also man-made resources. To illustrate this assertion we will use its share in the number and tractive power of tractors, in the consumption of total quantities and active ingredients of manufactured fertilizers, and also in the number of standard head of livestock, both total and by types of livestock (Table 5).

Table 5. Share of Private Farms in Use of Tractors and Manufactured Fertilizers, in percentage

<u>Period</u>	<u>Number of Tractors</u>	<u>Number of Tractor kw</u>	<u>Manufactured Fertilizers</u>	<u>Active Ingredients of Fertilizers</u>
1957-1961	15.7	8.3	44.0	23.2
1962-1966	20.3	9.8	42.8	23.2
1967-1971	58.9	44.8	48.1	31.7
1972-1976	86.7	77.8	59.6	37.5
1977-1981	93.1	86.9	64.1	39.9
1957-1981	79.8	71.3	52.9	32.1
1957	23.5	10.8	44.4	22.3
1981	94.1	88.6	64.2	42.4

We note right from the start that private farmers are obtaining tractors more and more rapidly and using more and more manufactured fertilizer, in spite of the drop of their share in farmland, cropland and plowland. This process of technical and technological development has been taking on especially large proportions since the mid-sixties, and has been advancing rapidly up to the present time. The main occasion for this was the removal at that time of the ban on purchase of large tractors and other modern machines by private farms. There have, of course, been other reasons as well, such as: dissatisfaction of private farmers with the rendering of machine services by the socialized sector, the lack of opportunity for investing larger disposable money assets in expansion of the landholding because of the restricted maximum landholding,

the desire for prestige, and so on. This kind of technical progress, which incidentally has been more evident than technological progress, represents a condition for the latter's development, which is manifested among other things in the increased use of manufactured fertilizers.

Table 6. Average Supply of Tractors and Consumption of Manufactured Fertilizers on Socialized Farms Compared to Private Farms (Taken as 1.00), in percentage

<u>Period</u>	<u>Number of Tractors</u>	<u>Number of Tractor kw</u>	<u>Manufactured Fertilizers</u>	<u>Active Ingredients of Fertilizers</u>
1957-1961	54.20	108.30	11.34	12.37
1962-1966	26.27	61.82	8.06	8.96
1967-1971	4.12	7.26	5.57	6.39
1972-1976	0.86	1.60	3.25	3.65
1977-1981	0.38	0.78	2.50	2.89
1957-1981	1.60	2.55	5.00	5.26
1957	38.00	93.70	13.17	14.21
1981	0.31	0.63	2.39	2.65

Table 7. Supply of Tractors and Consumption of Manufactured Fertilizers in the Private Sector

<u>Period</u>	<u>Per 100 ha of Cropland</u>		<u>Number of kw Per Tractor</u>	<u>In kg/ha of Cropland</u>	
	<u>Number of Tractors</u>	<u>Number of Tractor kw</u>		<u>Manufactured Fertilizers</u>	<u>Active Ingredients of Fertilizers</u>
1957-1961	0.05	0.76	14.78	49.63	11.50
1962-1966	0.11	1.56	14.23	90.20	20.44
1967-1971	0.49	10.52	21.43	100.49	32.60
1972-1976	1.94	46.86	24.13	133.08	49.84
1977-1981	4.25	109.16	25.68	168.11	67.11
1957-1981	1.32	32.44	24.64	106.74	35.65
1957	0.05	0.64	12.56	38.02	8.49
1981	5.23	138.45	26.46	187.50	79.42

It is interesting as a pattern of symptoms in every accelerated progress that there is a discrepancy between the use of equipment and the level of technology and also between the number of tractors and their power and between the consumption of manufactured fertilizers and the active ingredients they contain. This means that on private farms, by contrast with socialized farms, technology is lagging behind equipment, power is lagging behind the number of tractors, and the quality of fertilizers is lagging behind the quantity. We are persuaded of this by the index number of the socialized farms as compared to the private farms with respect to the use of tractors and the use of manufactured fertilizers per unit cropland (Table 6).

As for equipment and technology, the advantages of socialized agriculture over private agriculture are diminishing over time and indeed even disappearing in a technical sense. Even at the outset of the seventies private farms were becoming better equipped in terms of the number of tractors, and by the middle of this decade in terms of the power of tractors as well. Differences in technology, measured by the use of the total quantity and active ingredients of manufactured fertilizers per unit land area, which are considerably below the indices of technical adequacy, are also diminishing, just much more slowly, and they are still to the advantage of the socialized farms by a factor greater than 2.

A more specific look at the technical and technological development of private agriculture is offered by figures on the number of tractors and kilowatts per 100 hectares of cropland, on the power per tractor and on the use of manufactured fertilizers and active ingredients per hectare of cropland (Table 7).

We see, then, that the number of tractors has been growing very rapidly, but the number of tractor kilowatts per 100 hectares of cropland in the private sector still more rapidly. Power per tractor has accordingly been increasing as well, but at a much slower rate, so that total tractor power depends mainly on the number of tractors, and quite little on average tractor power. Manufactured fertilizer consumption per hectare of cropland has been growing steadily, but more slowly than the number of tractors and their power. At the same time active ingredients have been showing a higher rate of growth and total quantity of fertilizer. The figures in this table support the assertion made above concerning the nature of the technical and technological development of private agriculture.

It is simply incredible that in just a quarter century the number of tractors per unit land area has grown 104.6-fold, and their power all of 216.3-fold. We have pointed out some of the reasons, but in no cases do they indicate the justifiability in economic and production terms, nor broader social justification of this megalomaniacal process of introducing equipment into private agriculture. Some explanation can be found in the fact that the base was virtually zero, but the problem with that is that this undertaking did not stop at the optimum level, but is still far below it.

Table 8. Share of Private Farms in the Total Number of Standard Head of Livestock, in percentage

<u>Period</u>	<u>Total</u>	<u>Cattle</u>	<u>Swine</u>	<u>Sheep</u>	<u>Horses</u>	<u>Poultry</u>
1957-1961	92.2	89.4	93.6	92.3	97.3	98.3
1962-1966	91.0	88.6	90.1	93.3	98.6	95.1
1967-1971	91.9	93.4	86.5	96.2	99.4	89.6
1972-1976	91.0	91.8	85.0	86.9	99.6	82.0
1977-1981	88.2	91.0	80.9	98.8	99.9	68.5
1957-1981	90.8	90.5	86.6	95.1	98.8	83.5
1957	94.6	94.1	95.2	91.8	96.1	99.2
1981	87.2	90.4	80.2	96.3	99.5	63.8



The livestock population can with reservations be included in the man-made resources of agricultural production. On this occasion we are interested in the share of the private farms in the number of standard livestock, both total and by types of livestock (Table 8).

We note in the overall figures that private farms have had a higher share of the total livestock production than the total land stock, which means that compared to socialized farms they are better supplied in terms of the number of standard livestock per unit of land used. The drop of the share in the livestock population has also been slower than the drop of the share in the land stock, so that compared to the socialized sector the private farms are still larger livestock producers. To be sure, up until the first half of the seventies the share of private farms in the livestock population stayed at the same level, and only after that has it been declining, mostly because of the adverse market conditions faced by livestock production.

The private farms have the highest share in the number of standard head of horses and sheep, where it is still continuing to increase, approximating 100 percent. In the case of cattle a certain growth was noted at the beginning, and then stagnation, while in the case of swine the rate of decline has been permanent, but slowed down, while in the case of poultry the decline has speeded up. This trend results, of course, from changes in the pattern of the livestock held on private and socialized farms. For example, the share of cattle in the number of standard head of livestock has been declining in the socialized sector, but growing in the private sector. The share of swine and poultry has been growing considerably in the first case, staying at the same level in the latter. The proportion of sheep and horses has been dropping in both cases, just much more rapidly on socialized farms than on private farms. In other words, socialized agriculture has been turning toward swine raising and poultry raising, where the production process is more highly mechanized and the turnover of capital more rapid. In private livestock raising, by contrast, the emergence of some type of specialization has not been sufficiently pronounced.

We will present the adequacy of the livestock population on the private farm in terms of the total number of standard head per 100 hectares of farmland and cropland, individually and also compared to the socialized farm (Table 9).

It is significant that the number of standard head of livestock per 100 hectares of farmland and plowland has shown a growth tendency in the private sector, but in view of the needs of society this has been relatively unfavorable. Yet by comparison with socialized farms private farms are far larger producers of livestock per unit area, and their total agricultural production, measured by this indicator, has been considerably more intense in terms of labor and income and has been intensifying as development has taken place. That is, we see that private animal husbandry relative to farmland has been fourfold more highly developed and in terms of plowland almost twofold more developed. Up until the mid-seventies the average representation of private livestock raising relative to socialized animal husbandry was by and large getting stronger, but it has dropped off somewhat since that time.

Table 9. Number of Standard Head of Livestock Per 100 Hectares of Farmland and Plowland

Period	Private Sector		Private Sector When Socialized Sector Is Taken as 1.00	
	Farmland	Plowland	Farmland	Plowland
1957-1961	39.2	65.3	3.57	1.33
1962-1966	46.2	75.3	3.94	1.68
1967-1971	46.9	76.6	4.83	2.16
1972-1976	49.7	82.4	4.42	2.11
1977-1981	49.4	83.3	3.20	1.67
1957-1981	46.0	76.2	3.94	1.76
1957	33.8	57.3	4.71	1.68
1981	49.7	84.1	3.16	1.56

Table 10. Average Production of Socialized Farms When the Production of Private Farms Is Taken as 1.00

Period	Wheat	Corn	Sugar Beets	Sunflower Seed	Cow's Milk
1957-1961	2.03	2.12	1.28	1.31	2.10
1962-1966	1.83	2.05	1.44	1.29	2.70
1967-1971	1.72	1.99	1.37	1.31	3.33
1972-1976	1.77	1.65	1.27	1.13	3.33
1977-1981	1.60	1.65	1.15	1.10	3.13
1957-1981	1.89	1.90	1.38	1.23	2.79
1957	1.51	1.85	1.22	1.22	2.20
1981	1.58	1.61	1.13	1.16	3.11

Table 11. Average Production of Private Farms

Period	In Quintals/ha				Liters of Milk Per Cow
	Wheat	Corn	Sugar Beets	Sunflower Seed	
1957-1961	14.8	19.8	231	11.9	1.035
1962-1966	17.2	23.6	255	15.1	1.025
1967-1971	20.6	27.3	303	14.7	1.072
1972-1976	24.8	33.9	348	15.6	1.211
1977-1981	27.5	39.0	376	18.9	1.439
1957-1981	20.0	28.3	296	15.6	1.179
1957	15.2	20.8	234	11.1	1.043
1981	26.6	39.9	385	15.4	1.536

The phenomenon mentioned above, which from the standpoint of Marxist theory is a divergent phenomenon, is objectively grounded in the circumstances of the postwar development of Yugoslav agriculture and in the manner of reproduction of private and socialized farms whereby they react to those circumstances. For years animal husbandry has been recording losses or has been on the border between profit and loss, one of the reasons being the price disparity to the advantage of field crops, which has especially hurt the socialized farms. They raise livestock exclusively for the market, and at the same time they have higher costs per unit output because they invest in expensive facilities and also feed the livestock expensive concentrated feeds. At the same time, they are using a stock of land that is several times greater when compared to the size of the labor force, and their more stable and economical, although more extensive, field crop production provides adequate reproduction and survival. We are dealing with an inevitable tendency toward mechanization of the production process, which is more highly developed in field cropping than in animal husbandry.

#### Production Results of Private Agriculture

In terms of average production results private agriculture is lagging quite a bit behind socialized agriculture (Table 10). This is in fact understandable in view of the way in which the socialized landholding is rounded off, in view of the better application of technology and indeed also equipment, and also in view of the larger capital investments and other investments. The question of whether socialized agriculture is more economical, profitable and productive is another matter.

There is obviously a considerably larger average production on socialized farms than on private farms, but it is a fact that this difference is dropping steadily for the principal field crops. Matters stand differently in terms of annual milk production per dairy cow, since here the difference is much greater and is even increasing over time. This has to do with the better breed pattern of livestock in general, but especially in cattle raising, and the stricter selection on socialized farms. It is interesting to note that the socialized sector has a larger advantage in average yields for those field crops whose production process is more highly mechanized and which necessitate a smaller input of live labor and above all manual labor.

The figures shown represent only an example of the superiority of the average production of socialized farms over private farms. Incidentally, this is the case for all products of plant and animal origin. The differences are especially large to the advantage of socialized farms with respect to animal products. The figures show that in 1981 the socialized farms had a 2.18-fold larger weight gain per standard head of all types of livestock, and then 2.11-fold more eggs per laying hen, 1.32-fold more production of wool per sheep, and so on.

Taken by itself, the average production of private farms has been growing from one period to the next (Table 11).

Although it depends on weather conditions, the progressive decline of average yields of the principal field crops has mainly be a consequence of the application of up-to-date equipment and technology. The reason for this is that the weather is not uniform from year to year and its influence over 5-year periods of the period of time under consideration is equalized and thereby eliminated. This is confirmed by the higher average production of the socialized farms already mentioned; it is on those farms that the equipment and technology are more fully felt.

The next important indicator of the significance of private farms is their share in the value of purchases and in the social product of agriculture as a whole, that is, in the aggregate results of agricultural production (Table 12).

Table 12. Share of Private Farms in the Value of Purchases and in the Social Product of Agriculture as a Whole

<u>Period</u>	<u>Value of Product Purchases</u>	<u>Social Product</u>
1957-1961	...	87.93
1962-1966	59.67	81.23
1967-1971	57.44	77.96
1972-1976	53.05	76.44
1977-1981	53.69	73.81
1957-1981	53.55	78.76
1957	...	91.51
1981	53.44	73.18

From the standpoint of the entire society and satisfaction of its needs for food and raw materials of agricultural origin, production for the market has very great importance. In this respect the private farms are lagging with respect to their production capacity and with respect to the results of total production. The reason is that they are not producing exclusively for the market, but also for consumption in the household. But even though their production is neutral to a large extent, as market producers they are ahead of the socialized farms. It is a phenomenon to be expected for the share of private farms in production for the market to have declined in the sixties and stayed at the same level in the seventies. This relatively stable share has occurred in spite of the constant drop in the share of area used, and it is a consequence of the very lively growth of the amount of their output grown for the market, which on this occasion we have not been able to present.

Likewise the private farms have a lower share in the social product than in cropland and plowland, and this is especially true of the number of standard head of livestock. Here it is a question of lower average production on private farms. Yet the decline of their share in the social product is a logical consequence of the drop in their share in the land stock and the livestock population. Nevertheless, on the average it provides nearly four-fifths of the social product of agriculture as a whole.



## Investment Policy Directed Toward the Development of Private Agriculture

Investment policy, as a component of farm policy, has an extremely important role in the development of private agriculture. It makes it possible for the private farms to carry on reproduction on an expanded base, it encourages production for the market and the specialization of their production, it has been correcting and consolidating their economic position, and in this way it has been making them capable of optimum utilization of the productive potential of agriculture as a whole, which is predominantly in their hands. Aside from bolstering production and the financial condition of the farms, investment policy is also a factor for socializing private agriculture and for bringing it into a relationship with large-scale agriculture and the food processing industry, making it dependent upon social means of production and, through the market, on the social division of labor as well.

Society's investment of capital in private agriculture is one of the best indicators of how interested society is in private agriculture's development. We will see that investment policy has to a great extent run counter to the immense importance of private agriculture. We will prove this by surveying its share in the gross investments of agriculture as a whole. So that the treatment of private agriculture as compared to socialized agriculture might be examined with respect to investments and in the light of their contribution to achieving the social product, we calculated the gross rate of investment, which represents the share of gross investments in the social product (Table 13).

Table 13. Share of Private Farms in Gross Investments and the Rate of Gross Investment, in 1972 prices

Period	Share in Investments, %	Rate of Gross Investment	
		Private Farms	Socialized Farms
1957-1961	30.26	4.51	76.05
1962-1966	26.66	4.04	48.18
1967-1971	41.59	4.87	24.22
1972-1976	52.96	9.24	26.64
1977-1981	52.41	10.16	20.24
1957-1981	42.30	6.66	34.32
1957	37.61	3.91	70.00
1981	51.73	9.72	25.43

The share of private farms in gross investments is far smaller than their share in the social product, and this has been true in all five of the subperiods analyzed. The average share in the social product is 1.86-fold greater than the average share in gross investments. This ratio was 2.90 in the first 5-year period, 3.04 in the second, 1.87 in the third, 1.44 in the fourth and 1.40 in the fifth. Over time the share of private farmers in gross investments has been increasing, especially in the late sixties and early seventies, but after that it began to stick at the same level. Yet we have seen that the

share in the social product has been dropping steadily. We conclude from that that the relative position of private agriculture, as far as relations between investments and the results of production are concerned, has been improving with time.

There are particular rates of gross investments as a function of the size, direction and growth rate of gross investments on the one hand and the social product on the other. In the private sector of agriculture they have been very low, especially in the first half of the period under consideration, when they stayed at the same level, while in the second half they were increasing, doubling their level. The rates of gross investments of the socialized sector have been 5.15-fold greater on the average than those of the private sector of agriculture: 16.86-fold greater in the first 5-year period and 1.99-fold greater in the last. These relations are the best indication of the kind of treatment private agriculture has been given by contrast with socialized agriculture. Nevertheless, it is to the good that differences in gross investments between private and socialized agriculture have been shrinking rapidly over time as a result of the trend toward larger gross investments in the private sector and the large drop on socialized farms. Yet there is no justification for investments in the socialized sector of agriculture to be dropping so rapidly. This proves that agriculture as a whole has been placed in a subordinate position.

Although the status of private agriculture, as a target of investment, has been improving relatively over time, investments are still out of line, though less and less to be sure, with its significance in creating the social product. The reasons are economic and political in nature. First of all, the shortage of investment capital, so that all needs cannot be satisfied uniformly. And then the predominant use of capital in socialized agriculture, with the expectation that a better return will be obtained in it and that it will be able to cover the difference between the larger demand and smaller supply on the market for food and agricultural raw materials. Finally, it has been deemed politically justified to develop socialized agriculture, that is, large-scale socialist agriculture, first of all, while with respect to private agriculture there have been dilemmas about whether there was any justification at all in investing social capital in it and about the manner in which that should be done--exclusively through the socialist conception, or perhaps even bypassing it. Although they are still encountered in some quarters, these dilemmas are gradually disappearing and are regarded as ideological errors at the same rate at which the demand is outstripping the supply of food and agricultural raw materials, a problem which the socialized sector of agriculture is not nearly able to resolve. Private agriculture even has a considerable advantage when it comes to the profitability of investments.

#### Conclusion

The results of an analysis confirm the assumptions about the immense importance of private agriculture in the Yugoslav context. Thanks to its dominant share in resources and indeed also in the results of production of food and raw materials, and also in view of the problems of a technical, technological, social and economic nature, private agriculture deserves to be a principal target of Yugoslav farm policy, although unfortunately it has not been. That is one of the principal shortcomings of our farm policy.

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